No. 05-

In the
Supreme Court of the United States

DASTAR CORPORATION,

Petitioner,

v.

RANDOM HOUSE, INC., TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT, LLC AND NEW LINE HOME VIDEO INC.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether under the Copyright Act of 1909 a commissioning party is an "employer" entitled to renew the copyright in a work for hire.

RULE 29.6 STATEMENT

Dastar Corporation is the sole petitioner. No publicly held company owns ten percent or more of the corporation's stock.

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PETITION FOR A WRIT OF CERTIORARI

Dastar Corporation ("Dastar") respectfully petitions -- a second time in this troubled case, see Dastar Corp. v. Twentieth Century Fox Film Corp. ("Dastar I"), 539 U.S. 23 (2003), rev'g Twentieth Century Fox Film Corp. v. Entertainment Distributing, 34 Fed. Appx. 312 (9th Cir. 2002) -- for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case.

OPINIONS BELOW

The opinion of the court of appeals is reported at 429 F.3d 869. App. B at 5a-40a. The decisions of the district court are

unreported. App. C at 41a-46a; App. D at 47a-91a; App. E at 92a-120a.

JURISDICTION

The court of appeals denied Dastar's petition for rehearing on December 29, 2005. This Court has jurisdiction under 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

Section 24 of the Copyright Act of 1909 ("1909 Act"), 17 U.S.C. §24 (1974), in relevant part provides:

> The copyright secured by this title shall endure for twenty-eight years from the date of first publication, . . . : Provided, That in the case . . . of any work copyrighted . . . by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: And provided further, That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year

prior to the expiration of the original term of copyright: And provided further, That in default of the registration of such application for renewal and extension, the copyright in any work shall determine at the expiration of twenty-eight years from first publication. (Emphasis added).

STATEMENT

1. Introduction and Summary.

In 1965 the Ninth Circuit unveiled an unprecedentedly expansive conception of who is entitled to copyright ownership under the work for hire doctrine of the 1909 Act. In Lin-Brook Builders Hardware v. Gertler, 352 F.2d 298, 300 (9th Cir. 1965), it held that anyone at whose "instance and expense" a work is created is its presumed copyright owner. No reported work for hire opinion had used the phrase "instance and expense" before, and the decision cited no authority for its ipse dixit.

Up to that point, the cases had limited the work for hire doctrine to traditional employment relationships. Lin-Brook Builders Hardware worked a sea change. The circuit has steadfastly adhered to its fulsome interpretation ever since. Maintaining circuit tradition into a fifth decade, the decision below welcomes commissioning parties into the fraternity of "employers" under Section 24, extending the "instance and expense" test to the issue of who is entitled to the renewal term of copyright.

Perhaps surprisingly, in the decades since the Ninth Circuit ushered its test into the world, cases deeming commissioning parties "employers" have multiplied across the country. The circuit's inversion of longstanding case law is now the received wisdom of the First, Second, Fourth, Fifth, Seventh, Eleventh, and D.C. Circuits. The orthodoxy is rigid and the percolation process long since ended.

From inception the circuit's novel theory clashed sharply with this Court's venerable interpretive approach: It is presumed that Congress intends an undefined term to bear its common law meaning. See, e.g., Morissette v. United States, 342 U.S. 246, 263 (1952). Equally well established is that under the common law "employer" refers to "the conventional master-servant relationship as understood by common-law agency doctrine." Community for Creative Non-Violence v. Reid ("CCNV"), 490 U.S. 730, 739-40 (1989). The common law conception of "employer" excludes commissioning relationships. See, e.g., Clackamas Gastroenterology Assocs., P.C. v. Wells, 538 U.S. 440, 445 n.5 (2003).

As the decision below illustrates, the Ninth Circuit persists in placing commissioning parties within the "employer" category notwithstanding this Court's exclusion of them. To make matters worse, during the forty-plus years of its hegemony, neither the Ninth nor any other circuit has even tried to harmonize the "instance and expense" test with this Court's teaching.

In addition to the inherent importance of the ongoing, decades-old conflict between circuit doctrine and this Court's directive for construing "employer," the issue is important in three dimensions.

First and foremost, the circuit's interpretation is incommensurable with the rigidly enforced regimen of maintaining a uniform meaning for "employer" in federal legislation. CCNV, 490 U.S. at 740. Attaching a bloated, sui generis connotation to "employer" in Section 24 derogates from the integrity of that desirable structure.

Second, the work for hire doctrine is of "profound significance" to freelancers and the copyright industries. CCNV, 490 U.S. at 737. In the renewal context it is also of

great significance to the public, which has a "right to copy" works whose copyrights have expired. Dastar I, 539 U.S. at 33. That right is nullified when ersatz "employers" are endowed with a lengthy second period of exclusive rights.

Third, the circuit's theory would render Section 24 constitutionally infirm. Congress's power under the copyright clause is limited to rewarding the "author," not the entrepreneur who induces and pays the "author," with copyright ownership. See Scherr v. Universal Match Corp., 417 F.2d 497, 502 (2d Cir. 1969)(Friendly, J., dissenting).

The issue presented is akin to that resolved in Dastar I. There, this Court held that a different Ninth Circuit invention -- its all-encompassing interpretation of "origin of goods" in the Lanham Act -- was intolerably broad, invading the public's "right to copy" works whose copyrights had expired. Dastar I, 539 U.S. at 33-34. The circuit's lax construction of "employer" in the federal intellectual property statute now at issue similarly subverts Congress's intent, and in the same protectionistic manner.

In the decision below and the ancestral cases preceding it, the Ninth Circuit "has decided an important federal question in a way that conflicts with relevant decisions of this Court." S. Ct. R. 10. The reliance interests of the pre-Lin-Brook Builders Hardware era have been radically upended, and not just in one corner of the nation, by circuit law that directly flouts this Court's canon for construing "employer." The area of law is badly in need of the Court's authoritative voice.

2. Statutory Framework.

The first element of a copyright infringement claim is "ownership of a valid copyright." Feist Publications, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 361 (1991). In the present case analysis of that element turns on the meaning of "employer" in Section 24.

Section 24 provides for an initial twenty-eight year copyright term. Absent renewal, protection ends "at the expiration of those twenty-eight years."

When the 1909 Act went into effect, the renewal term too was twenty-eight years. Eldred v. Ashcroft, 537 U.S. 186, 194 (2003). It was lengthened to forty-seven years by the Copyright Act of 1976 ("1976 Act"), 17 U.S.C. § 304(a)(1)(C)(1982), and to sixty-seven years by the Sonny Bono Copyright Term Extension Act, 17 U.S.C. § 304(a)(1)(C)(2000). Estate of Hogarth v. Edgar Rice Burroughs, Inc., 342 F.3d 149, 157 n.8 (2d Cir. 2003).

Section 24 entitles an individual author, if living, to renew; if the individual author is dead, his statutory successors have the renewal right. See generally De Sylva v. Ballentine, 351 U.S. 570 (1956). The successors are entitled to renew even though the author assigned the renewal term, if he dies before it arrives. Stewart v. Abend, 495 U.S. 207, 219 (1990). The assignee "takes subject to the possibility that the contingency" of the author's survival may not occur. Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373, 378 (1960).

Section 24's work for hire proviso is an exception to this scheme. For a work copyrighted "by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal."[1] The "proprietor" is the

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[1] Virtually identical "employer" language appears in Section 26 (originally Section 62): "the word 'author' shall include an employer in the case of works made for hire." The "author" is the copyright owner of what he creates. See Section 4 ("The works for which copyright may be secured under this title shall include all the writings of an author"); Section 9 ("The author or proprietor of any work made the subject of copyright by this title, or his

"employer or its assignee." Estate of Hogarth, supra, 342 F.3d at 157. The individual author has no renewal right in a bona fide work for hire.

3. Background of the Case.

Dwight D. Eisenhower ("Eisenhower") completed his war memoir Crusade in Europe on March 24, 1948. His publisher Doubleday & Company, Inc. ("Doubleday"), since absorbed into respondent Random House, Inc., retained him as an independent contractor to write at its "instance and expense."

In late 1948 Eisenhower assigned his copyrights to Doubleday. Doubleday registered them with the Copyright Office, published the memoir, and exclusively licensed respondent Twentieth Century Fox Film Corporation ("Fox") to make a derivative television series. Fox had the TV adaptation produced, and registered it for copyright in 1953.

Eisenhower died in 1969, years before the book copyrights came up for renewal. When the time to renew arrived, Doubleday applied in its own name, claiming that Eisenhower composed his memoir as a "work made for hire." Fox neglected to renew the copyright in the TV films.

In 1988, Fox acquired from Doubleday home-videocassette rights in the book and sublicensed them to respondent SFM Entertainment, LLC ("SFM"). Under contract with SFM, respondent New Line Home Video Inc. ("New Line") distributed videocassettes of the Crusade in Europe TV series.

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executors, administrators, or assigns, shall have copyright for such work under the conditions and for the terms specified in this title"). Hence Section 26 renders the "employer" the initial copyright owner for the first term. Section 24 then empowers the "employer" or its transferee to renew.

In 1995, Dastar discovered that the TV series had been injected into the public domain through nonrenewal. It purchased a copy and used large portions to produce its own videotapes. Its competing product included much of the narration from the television series, and hence much of the text from Eisenhower's book.

This suit followed. It charged Dastar with copyright infringement not of the TV films but of Eisenhower's book. Dastar contended that as a commissioning party Doubleday did not qualify as Eisenhower's "employer," and hence it was neither copyright owner ab initio nor entitled to renew. Rather, Eisenhower as initial copyright owner assigned his rights to Doubleday, but his death vitiated the transfer of renewal rights.

Respondents contended otherwise: Through commissioning Eisenhower Doubleday became his "employer," with both ab initio ownership and the right to renew under Section 24.

The suit was amended to charge Dastar with violating the Lanham Act. Dastar's failure to give credit to those involved in New Line's videocassettes, respondents alleged, constituted a false designation of the "origin of goods."

4. Prior Proceedings.

a. Initial Round of Proceedings.

On January 4, 2000 the district court granted respondents' summary judgment motion, finding Dastar liable for copyright infringement and violation of the Lanham Act. App. E at 92a-120a. On April 9, 2002, the Ninth Circuit reversed the copyright infringement ruling and remanded for further proceedings, but affirmed the judgment under the Lanham Act. Twentieth Century Fox Film Corp., 34 Fed. Appx. 312.

This Court reversed the affirmance of Lanham Act liability. Dastar I, 539 U.S. at 38. By a vote of eight to zero, it rejected the circuit's broad construction of the statutory phrase "origin of goods" as in derogation of "the public's 'federal right to "copy and to use,"' expired copyrights." Dastar I, 539 U.S. at 34 (quoting Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 165 (1989)).

b. Work for Hire Trial.

After a one-day bench trial on the remanded copyright infringement claim, on December 30, 2002 the district court again found Dastar liable. App. D at 47a-91a. It held that under circuit precedent Section 24 "does not distinguish between works for hire created in the scope of regular employment and those specially commissioned." App. D at 85a. Because Doubleday commissioned Eisenhower, it qualified as his "employer" entitled to copyright renewal. App. D at 85a-90a.[2]

On November 18, 2003 the court awarded the maximum statutory damages of $100,000. App. C at 45a. On February 9, 2004 it awarded $2,001,038.92 in attorneys' fees and nontaxable costs.

c. Court of Appeals' Affirmance.

A divided panel of the court of appeals affirmed. App. B at 35a. It endorsed the broad notion of "employer" that encompasses commissioning relationships:

> "Dastar argues that, as a matter of law, Crusade in Europe cannot be a work-for-hire because where as here, Gen. Eisenhower authored the book as an

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[2] The District Court's December 30, 2002 findings incorporated some of its summary judgment findings of January 4, 2000. App. D at 90a.

independent contractor, Doubleday was not his 'employer.' We disagree." App. B at 17a.

Citing Lin-Brook Builders Hardware, the decision reaffirmed "the well-established law of this circuit: an independent contractor creates a work-for-hire when it was made at the instance and expense of the commissioning party." App. B at 21a.

The dissent reasoned that when Eisenhower and Doubleday had their dealings, the work for hire doctrine was restricted to traditional employment relationships. App. B at 37a. Hence "as the law stood in 1948, it is unlikely that either party to the transaction viewed the sale of Crusade in Europe to Doubleday as the creation of a work for hire." App. B at 37a.

On December 29, 2005, the court denied Dastar's petition for panel rehearing (again divided 2-1) and rehearing en banc. App. A at 4a. On January 23, 2006 it awarded the respondents other than Random House, Inc. appeal fees in an amount to be determined.

REASONS FOR GRANTING THE WRIT

I. THE NINTH CIRCUIT'S "INSTANCE AND EXPENSE" TEST CONFLICTS WITH THIS COURT'S INTERPRETATION OF "EMPLOYER."

A. This Court's Rule of Construction for Undefined Statutory Terms.

It is an enduring "principle that where words are employed in a statute which had at the time a well-known meaning at common law or in the law of this country they are presumed to have been used in that sense unless the context compels to the contrary." Standard Oil Co. v. United States, 221 U.S. 1, 59 (1911). This principle was fully in place when Lin-Brook Builders Hardware was decided, and to this day

remains a "cardinal rule of statutory construction." Molzof v. United States, 502 U.S. 301, 307 (1992), (citing Morissette, 342 U.S. at 263).[3]

B. This Court's Construction of "Employer."

Given this "fundamental canon of statutory construction," Perrin v. United States, 444 U.S. 37, 42 (1979), can "employer" be stretched to cover commissioning parties? Hardly.

Under the canon it is presumed "that Congress means an agency law definition for 'employee' unless it clearly indicates otherwise." Nationwide Mut. Ins. Co., 503 U.S. at 325. As a result, absent contrary indications "employee" connotes

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[3] With differences in formulation immaterial to this case, the rule has been set forth in opinions authored by:

Justice Stevens: Evans v. United States, 504 U.S. 255, 259 (1992).

Justice Scalia: Republic of Argentina v. Weltover, Inc., 504 U.S. 607, 613 (1992); Kungys v. United States, 485 U.S. 759, 770 (1988).

Justice Kennedy: Amoco Prod. Co. v. Ute Indian Tribe, 526 U.S. 865, 873-74 (1999).

Justice Souter: United States v. Wells, 519 U.S. 482, 491 (1997); Field v. Mans, 516 U.S. 59, 69 (1995); Nationwide Mut. Ins. Co. v. Darden, 503 U.S. 318, 322-23 (1992).

Justice Thomas: Carter v. United States, 530 U.S. 255, 266 (2000); Beck v. Prupis, 529 U.S. 494, 500-01 (2000); Molzof, 502 U.S. at 307.

Justice Ginsburg: Raymond B. Yates, M.D., P.C. Profit Sharing Plan v. Hendon, 541 U.S. 1, 12 n.3 (2004).

Justice Breyer: National Labor Relations Board v. Town & Country Electric, Inc., 516 U.S. 85, 93-94 (1995).

Justice (then-Judge) Alito: United States v. Rosero, 42 F.3d 166, 171 (3d Cir. 1994).

"the conventional master-servant relationship as understood by common-law agency doctrine." CCNV, 490 U.S. at 739-40. The cognate "employer" has the same meaning. Id., at 740-41 ("when we have concluded that Congress intended terms such as 'employee,' 'employer,' and 'scope of employment' to be understood in light of agency law, we have relied on the general common law of agency, rather than on the law of any particular State, to give meaning to these terms")(citations omitted).

The common-law meaning of "employer" stands in diametrical contrast to commissioning relationships, and Congress's use of the term has the precise effect of "drawing a line between independent contractors and employees." Clackamas Gastroenterology Assocs., P.C., 538 U.S. at 445 n.5. This Court has relied on the "common-law test to distinguish between 'employee' and 'independent contractor'" in construing "employee" in several statutes. National Labor Relations Board, 516 U.S. at 93. One is the Employee Retirement Income Security Act of 1974, 29 U.S.C. §§ 1001 et seq. Nationwide Mut. Ins. Co., 503 U.S. at 323. Another is the National Labor Relations Act, 29 U.S.C. §§ 151 et seq. NLRB v. United Ins. Co. of America, 390 U.S. 254, 256 (1968).

Tellingly, this Court has applied the "common-law test to distinguish between 'employee' and 'independent contractor'" in copyright work for hire legislation. National Labor Relations Board, 516 U.S. at 92-93. In CCNV the Court construed the "'work made for hire' provisions of the Copyright Act of 1976 . . ., 17 U.S.C. §§101 and 201(b)," 490 U.S. at 732, which contain both "employee" and "employer." Section 101 defines "work made for hire" to include "a work prepared by an employee within the scope of his or her employment" and certain types of "work specially ordered or commissioned," and Section 201(b) provides that

"the employer or other person for whom the work was prepared is considered the author" of a work for hire.

CCNV held that "Section 101 plainly creates two distinct ways in which a work can be deemed a work for hire." 490 U.S. at 741. In reasoning that "employee"-prepared works and "commissioned" works are "mutually exclusive," id., at 742, the decision applied the "presumption that Congress means an agency law definition for 'employee' unless it clearly indicates otherwise." Nationwide Mut. Ins. Co., 503 U.S. at 325.[4] This Court thereby recognized that Congress knows how to refer to commissioning relationships when it wants to -- through use of "commissioned" language rather than the restrictive words "employer" and "employee."[5]

There is an overarching reason for the compulsory practice of relying on the common law to divine the meaning

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[4] "While [CCNV] supported this reading of the Copyright Act with other observations, the general rule stood as independent authority for the decision." Nationwide Mut. Ins. Co., 503 U.S. at 323.

[5] The decision below chastises this Court in CCNV for "omitting any discussion of or citation to our well established precedent" showing that "in the final ten years that it was effective, the 1909 Act work-for-hire doctrine expanded to include independent contractors." App. B at 21a n.2. But CCNV did recognize this line of cases, noting that it began in the mid-1960s when "a federal court for the first time applied the work for hire doctrine to commissioned works." 490 U.S. at 749.

CCNV did not characterize the supposedly ignored cases, in the self-congratulatory language of the circuit, as "well established precedent." To the contrary, it treated them as irrelevant to properly construing "employer" and "employee." Because they are facially repugnant to the common law rule, this treatment is unsurprising.

of undefined statutory terms: "federal statutes are generally intended to have uniform nationwide application," and this is true in particular for statutes using "employer" or "employee." CCNV, 490 U.S. at 740 (quoting Mississippi Band of Choctaw Indians v. Holyfield, 490 U.S. 30, 43 (1989)). The subject of the statute that CCNV considered happened to be the work for hire doctrine, but the decision rested on this more organic rationale:

> The underlying motive for the Supreme Court's position had nothing to do with copyright but with the structural issue of uniformity in the interpretation of federal statutes. . . [T]he Court sent a clear message to the lower courts that undefined terms in federal statutes were to be given a uniform federal interpretation in all cases.
>
> 1 H. Abrams, THE LAW OF COPYRIGHT ("ABRAMS") (2005) § 4:6, at 4-21 to 4-22.

Ascribing to "employer" in Section 24 a meaning at odds with its meaning in all other statutes distorts copyright law, to be sure. But more fundamentally, it is antithetical to the structural goal of maintaining a single interpretation of shared language which appears undefined in multiple federal statutes.

C. The Ninth Circuit's Recognition of this Court's Construction of "Employer."

In other contexts the Ninth Circuit acknowledges that "we are directed by Supreme Court precedent to apply the common law definition of the term 'employee.'" Guthart v. White, 263 F.3d 1099, 1105 (9th Cir. 2001). It also recognizes that the "Reid-Darden test" "deal[s] with the distinction between the status of employee and that of independent contractor." Coupar v. United States DOL, 105 F.3d 1263, 1267 (9th Cir. 1997). And with the glaring exception of

Section 24 the circuit has unerringly attached to "employee" its common law meaning.[6]

D. The Ninth Circuit's Unexplained Failure to Construe "Employer" in Section 24 Compliantly.

The history of the Ninth Circuit's construction of "employer" in this area does not reflect the careful judicial consideration one unfamiliar with the history of the doctrine might expect. Despite its otherwise universal practice, the circuit has declined to apply this Court's canon to the 1909 Act's work for hire provisions. Nor has it explained why that statute should be exempt from a rule governing construction of "employer" in all federal statutes.

As this Court has observed, "Because the 1909 Act did not define 'employer' or 'works made for hire,' the task of shaping these terms fell to the courts." CCNV, 490 U.S. at 744. Until 1965 "the courts had applied the work for hire doctrine under the 1909 Act exclusively to traditional employees." Id. at 749. A commissioning party could acquire

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[6] See Guthart, 263 F.3d at 1105 ("employee" in Labor Management Relations Act, 29 U.S.C. § 186(a)); Vizcaino v. United States District Court, 173 F.3d 713, 723 (9th Cir. 1999) ("employee" in Internal Revenue Code § 423, 26 U.S.C. § 423 (1994)); Adcock v. Chrysler Corp., 166 F.3d 1290, 1292 n.3 (9th Cir. 1999) ("employee" in Title VII of Civil Rights Act of 1964, 42 U.S.C. § 2001e-2); Burrey v. Pacific Gas & Elec. Co., 159 F.3d 388, 394 (9th Cir. 1998)("employee" in Internal Revenue Code §414(n), 26 U.S.C. § 414(n)); Barnhart v. New York Life Ins. Co., 141 F.3d 1310, 1312-13 (9th Cir. 1998)("employee" in Age Discrimination Employment Act, 29 U.S.C. § 623); Loomis Cabinet Co. v. Occupational Safety & Health Review Commission, 20 F.3d 938, 941 (9th Cir. 1994) ("employee" in Occupational Safety and Health Act §652(6), 29 U.S.C. § 652(6)).

the copyright in a work created by an independent contractor via assignment, but could not qualify as copyright owner automatically under the work for hire doctrine. Id. at 744.

In 1965 the Ninth Circuit departed from this settled jurisprudence, upsetting decades of reliance. In Lin-Brook Builders Hardware, 352 F.2d at 300, it held for the first time that:

> when one person engages another, whether as employee or as an independent contractor, to produce a work of an artistic nature, that in the absence of an express contractual reservation of the copyright in the artist, the presumption arises that the mutual intent of the parties is that the title to the copyright shall be in the person at whose instance and expense the work is done.

Lin-Brook Builders Hardware was "the first case to extend the work-for-hire doctrine to commissioned works." Estate of Hogarth, 342 F.3d at 162. Indeed, it was the first reported opinion to use the phrase "instance and expense." Martha Graham Sch. and Dance Found., Inc. v. Martha Graham Ctr. of Contemporary Dance, Inc., 380 F.3d 624, 635 (2d Cir. 2004). And its sweeping test arrived "without explanation or citation of authority." Id. In particular, the decision did not address how "employer" could be opened up to encompass commissioning parties in the face of this Court's longstanding interpretive approach to the contrary.

The circuit later rejected as economically abhorrent the policy underlying its solicitous "instance and expense" test, stating that transforming a commissioned work into a work for hire "unduly protects the employer's entrepreneurial idea at the expense of the artist's creative labor." Dumas v. Gommerman, 865 F.2d 1093, 1096 n.5 (9th Cir. 1989). But the circuit nonetheless adhered to the test. See May v.

Morganelli-Heumann & Associates, 618 F.3d 1363, 1368 (9th Cir. 1980); Dumas, 865 F.2d at 1096; Dolman v. Agee, 157 F.3d 708, 711-12 (9th Cir. 1998); and Self-Realization Fellowship Church v. Ananda Church, 206 F.3d 1322, 1326-27 (9th Cir. 2000). As the decision below recites in applying the test to Section 24, "[i]t has been well established within this circuit that works by independent contractors may qualify as works-for-hire so long as they were created at the instance and expense of the commissioning party." App. B at 19a.

Lin-Brook Builders Hardware also took firm hold in the other circuits. Citing the decision, the Second Circuit a year later adopted the "instance and expense" test, explaining that it saw "no sound reason why these same principles are not applicable when the parties bear the relationship of employer and independent contractor." Brattleboro Pub. Co., Inc. v. Winmill Pub. Corp., 369 F.2d 565, 568 (2d Cir. 1966). Anticipating the decision below, that circuit then applied the broadened test in construing "employer" in the renewal context, in Section 24. Picture Music, Inc. v. Bourne, Inc., 457 F.2d 1213, 1216 (2d Cir. 1972).

Like the Ninth, the Second Circuit later questioned its reasoning in adopting the test. Estate of Hogarth, 342 F.3d at 160 n.14 & 161 n.15. By then, however, the test had become established circuit law. See Siegel v. National Periodical Publications, Inc., 508 F.2d 909, 914 (2d Cir. 1974); Playboy Enters. v. Dumas, 53 F.3d 549, 554 (2d Cir. 1995); Estate of Hogarth, 342 F.3d at 163; and Martha Graham Sch. and Dance Found., Inc., 380 F.3d at 634-35.

The most prominent commentator in the field shares the Second Circuit's qualms about its embrace of the "instance and expense" test. Indeed, Nimmer forthrightly states that the circuit's adoption of the test was "wrong":

> If the author were a commissioned independent contractor rather than an employee, the thrust of the early cases is that renewal rights vested in the author, not the proprietor. To the contrary, however, is Picture Music, Inc. v. Bourne, Inc., holding that an independent contractor is to be treated as an employee for hire for renewal purposes, and that the renewal right therefore inures to the commissioning party or its assignee. That decision appears to this writer to be wrong both on principle and under the rule of the early cases.
>
> 3 M. & D. Nimmer, NIMMER ON COPYRIGHT ("NIMMER")(2005) § 9.03[D], at 9-28.2 to 9-28.3.

Nimmer amplifies by commenting that the circuit's view is "untenable" under CCNV, which teaches that the right to renew is held by the individual author "rather than vesting automatically in the hiring party." 3 NIMMER, id., § 9.03[D], at 9-28.4.[7] And Nimmer is not a voice in the wilderness. See 1 ABRAMS, supra, § 4:9, at 4-12 to 4-15 (criticizing the Second Circuit's reasoning in cases such as Brattleboro Pub. Co. and Picture Music, Inc.).

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[7] Some "instance and expense" decisions criticize Nimmer, in much the same way the decision below criticizes CCNV, see note [illegible], supra, for failing to heed the novel cases that began flowering in the mid-1960s. See, e.g., Easter Seal Soc'y for Crippled Children v. Playboy Enters., 815 F.2d 323, 330 n.13 (5th Cir. 1987)(Nimmer's distinction between traditional employees and independent contractors "was erased" by the late-blooming 1909 Act cases). However, this critique is infected by circularity, assuming its conclusion that the 1960s cases were rightly decided. Nimmer's whole point, based in part on CCNV, is that the rogue line of cases is "wrong."

Despite the Second Circuit's well-founded misgivings, its perceived stature as "the de facto Copyright Court of the United States," Easter Seal Soc'y, 815 F.2d at 325, ensured the "instance and expense" test's ascendency. All courts of appeals which have addressed the matter now subscribe to the view of the Ninth Circuit panel in Lin-Brook Builders Hardware. See Forward v. Thorogood, 985 F.2d 604, 606 (1st Cir. 1993); Brunswick Beacon, Inc. v. Schock-Hopchas Pub. Co., 810 F.2d 410, 412 (4th Cir. 1987); Easter Seal Soc'y, 815 F.2d at 327; Real Estate Data, Inc. v. Sidwell, 907 F.2d 770, 771 (7th Cir. 1990); M.G.B. Homes, Inc. v. Ameron Homes, Inc., 903 F.2d 1486, 1490 (11th Cir. 1990); and Community for Creative Non-Violence v. Reid, 846 F.2d 1485, 1489, 1493 (D.C.Cir. 1988), aff'd on other grounds, 490 U.S. at 736.

The circuits' flagrant disregard of this Court's teaching is exacerbated by their indifference to it. As with the Ninth and Second, no other circuit has sought to harmonize the "instance and expense" test's expansive construction of "employer" with this Court's narrow one. Indeed, throughout the test's lengthy reign, not a single circuit in interpreting the 1909 Act's work for hire doctrine has deigned to acknowledge this Court's "well-established rule of construction." Neder v. United States, 527 U.S. 1, 21 (1999).

Perhaps the mysterious carve-out of Section 24 silently relies on a distinction respondents posited. They did not point to a "provision either giving specific guidance on the term's meaning or suggesting that construing it to incorporate traditional agency law principles would thwart the congressional design or lead to absurd results." Nationwide Mut. Ins. Co., 503 U.S. at 323. They went so far as to agree that "employee" "does typically connote the specific master-servant relationship." Resp. C.A. Br. 34 (emphasis in original). But they contended that "'employer,' by contrast is

broader and can encompass the employment of independent contractors." Id. The district court endorsed this counterintuitive distinction between the cognate terms. App. D at 88a-89a.

This is folly. The "instance and expense" test cannot be justified on the basis of a bizarre polarity between "employer" and "employee," which would render Doubleday Eisenhower's "employer" though Eisenhower is not Doubleday's "employee." Moreover, the distinction is flatly irreconcilable with the express requirement to rein in both cognates by excluding from their purview commissioning relationships. CCNV, 490 U.S. at 740. Specifically:

> [I]t seems more than likely that the definition of employee in CCNV will be applied to any case that may require a determination of work for hire status under the 1909 Act. . . . If the word "employee" in the 1976 Act provides an adequate basis for the Supreme Court to interpret the statutory provision in light of the general common law of agency, then there seems no good reason why the use of the word "employer" in the 1909 Act should not do the same.
>
> 1 ABRAMS, supra, § 4:11, at 4-44 to 4-45.[8]

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[8]CCNV in reality construed "employer" as well as "employee." 490 U.S. at 732. Ignoring this part of CCNV to theorize about a putative distinction between "employer" and "employee" misses the point. There is no imaginable explanation of how "employer" could have a broad scope in the 1909 Act when as CCNV held it has a narrow scope in the 1976 Act.

The circuit's flouting of the instruction to exclude commissioning relationships when interpreting "employer" is thus without either a proffered or a plausible basis. By importing commissioning parties into the "employer" genus, the circuit would "have us read an absent word into the statute." Lamie v. United States Trustee, 540 U.S. 526, 538 (2004). Review is imperative to correct the disturbingly persistent circuit doctrine.

II. THE ISSUE IS IMPORTANT.

A. The Issue Is Important to Maintain the National Uniformity Congress Intended.

Ensuring that the undefined word "employer" is understood the same way from statute to statute is a desideratum of great importance. CCNV, 490 U.S. at 740. Copyright legislation is one small part of the field upon which that policy plays out. The circuit's treatment of "employer" in Section 24 as having a one-of-a-kind connotation is a serious obstacle to achievement of the important objective of consistency in interpreting Congressional enactments framed in the same language.

The circuit's freewheeling interpretation offends not only substantively, but is also a throwback to an unpredictable style of decision-making in which courts interpreted "employee" "in the light of the mischief to be corrected and the end to be attained." Nationwide Mut. Ins. Co., 503 U.S. at 325 (quoting United States v. Silk, 331 U.S. 704, 713 (1947)).

This Court repudiated the policy-oriented technique for construing the word, and criticized the cases supporting the erstwhile approach as "feeble precedents for unmooring the term from the common law." Nationwide Mut. Ins. Co., 503 U.S. at 324. In place of the outcome-driven modus operandi, the Court promulgated an unvarying presumption, based on the need for uniform nationwide construction, that "Congress

means an agency law definition for 'employee' unless it clearly indicates otherwise." Id. at 325.

Lin-Brook Builders Hardware is a textbook example of how to institute a policy preference under the guise of statutory interpretation. Compounding the circuit's whimsical methodology is its later spurning of the policy that motivated its overenthusiastic embrace of the "instance and expense" test, Dumas, 865 F.3d at 1096 n.5, leaving the test in place as an unfortunate residue.

The 1909 Act's renewal mechanism is not to be monkeyed with in this manner. "The right to obtain a renewal copyright and the renewal copyright itself exist only by reason of the Act and are derived solely and directly from it." Miller Music Corp., 362 U.S. at 375. Arguments for changing the renewal structure "are better addressed by Congress than the courts." Stewart, 495 U.S. at 228.

Review by this Court is vital not only to align the circuit with this Court's long-established interpretation of "employer." It is also necessary to rid the circuit of the lingering effect of its anachronistic exercise in judicial legislation.

B. The Issue Is Important Because of Its Impact on Copyright Ownership.

This Court has observed that "[a]s of 1955, approximately 40 percent of all copyright registrations were for works for hire." CCNV, 490 U.S. at 737 n.4. Further, "[m]any works now protected under the 1976 Act were created at a time when the 1909 Act was in effect." 1 P. Goldstein, GOLDSTEIN ON COPYRIGHT (2005) § 4.3, at 4:38. Since "[i]t is the 1909 Act and not the 1976 Act that governs the determination whether these works are works made for hire," id., the status of a large number of works continues to hinge on the meaning of "employer" in the 1909 Act.

As the ongoing cascade of cases attests, the issue remains hotly current. And its impact is great not just in the number of copyrights in issue:

> The contours of the work for hire doctrine . . . carry profound significance for freelance creators -- including artists, writers, photographers, designers, composers, and computer programmers -- and for the publishing, advertising, music, and other industries which commission their works.
>
> CCNV, 490 U.S. at 737.

In the renewal context, both freelancers and the industries on the other side of the copyright fence benefit from being able to use at no cost in derivative works (anthologies, abridgements, on-line libraries, rap music, collages, commentaries, parodies, etc.) material that has been injected into the public domain through improper renewal. But in the renewal arena the work for hire doctrine also has "profound significance" for speech itself.

Once copyright protection ends, the "right to copy" "passes to the public." Dastar I, 539 U.S. at 33 (quoting Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225, 230 (1964)). The lower court's capricious gift of renewal rights to bogus "employers" substantially "limits the public's 'federal right to "copy and to use,"' expired copyrights." Dastar I, 539 U.S. at 34 (quoting Bonito Boats, Inc., 489 U.S. at 165). Depriving the public of the "right to copy" is of increased importance because Congressional extensions have enlarged the renewal term by more than a generation.

This is not the first time in this case that the circuit has construed a federal intellectual property statute to diminish the public's "right to copy." The importance of that right underlay the reversal in Dastar I, which held that the circuit's protectionistic interpretation of "origin of goods" in the

Lanham Act trenched on the "right to copy" works no longer in copyright. Dastar I, 539 U.S. at 33-34. The circuit's lenient construction of "employer" is likewise inimical to the public's unfettered "right to copy" works whose protection has expired.

C. The Ninth Circuit's Doctrine Is Constitutionally Questionable.

Under the copyright clause "[t]he Congress shall have power to promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries," U.S. Const., art. I, § 8, cl. 8. This Court has "defined 'author,' in a constitutional sense, to mean 'he to whom anything owes its origin; originator; maker.'" Feist Publications, Inc., 499 U.S. at 346 (quoting Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53, 58 (1884)).

Lin-Brook Builders Hardware's dubious interpretation bestows exclusive rights not on the "maker" of an artistic work, or even his transferee, but on entrepreneurs and financiers. To qualify as "employer," a commissioning party need provide no creative contribution whatever. It need only motivate someone else to make a copyrighted work (satisfying the "instance" prong), and pay for labor and materials (satisfying the "expense" prong).

The "instance and expense" test thereby vests copyright in untalented movers and shakers which do nothing more than induce and subsidize others to devise original works. These uninspired tasks are far removed from what a genuine author in the constitutional sense does. Correlatively, the test involuntarily divests true authors of ownership of the fruits of their intellectual labor. As such, the circuit's interpretation is constitutionally questionable.

This issue was famously vetted in Judge Friendly's dissenting opinion in Scherr, 417 F.2d at 502. After noting that the copyright clause "authorizes only the enactment of legislation securing 'authors' the exclusive right of their writing," the opinion surmised that "[i]t would thus be quite doubtful that Congress could grant employers the exclusive right to the writings of employees regardless of the circumstances." Childress v. Taylor, 945 F.2d 500, 505 n.5 (2d Cir. 1991), disputed Judge Friendly's conjecture, asserting that Congress's decision to confer "'authorship' status on the employer of the creator of a work for hire" "is not constitutionally suspect," but this was both dictum and highly conclusory.[9]

Simple respect for the meaning of the language Congress chose should be sufficient to sweep away the "instance and expense" dogma. But if more is needed, this is a classic case for invoking the presumption against interpreting a statute in a fashion that gives rise to doubts about its constitutionality. See, e.g., Zadvydas v. Davis, 533 U.S. 678, 689 (2001).

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[9] Commentary goes beyond Judge Friendly's thesis that there are "circumstances" in which Congress may not be constitutionally empowered to vest "employers" in the broad sense with copyright; it questions the work for hire doctrine's constitutionality unqualifiedly. See, e.g., J. Ginsburg, The Concept of Authorship in Comparative Copyright Law, 52 DePaul L. Rev. 1063, 1089 (2003) ("[T]he copyright clause does not design authors (creators) as mere, and even suspect, tools in furtherance of dissemination, to be tolerated only so long as that goal is achieved. Whatever the practical merits of the work for hire doctrine, the constitutional text supplies no grounding for it").

CONCLUSION

For the foregoing reasons, certiorari should be granted.

Respectfully submitted,

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March 28, 2006

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

No. 03-57052

[Filed December 29, 2005]

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; NEW LINE HOME VIDEO INC., a New York Corporation,	)
Plaintiffs - Counter-Defendants Appellees,	)
v.	)
ENTERTAINMENT DISTRIBUTING, an Oregon Corporation; MARATHON MUSIC & VIDEO, an Oregon Corporation,	)
Defendants - Appellants,	)
DASTAR CORPORATION, an Oregon Corporation,	)
Defendant - Counter-Claimant Appellant,	)

RANDOM HOUSE, INC., sued as Doubleday, a division of Bantam Doubleday Dell Publishing Group, Inc.,

Counter-Defendant - Appellee.

No. 04-55410

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; NEW LINE HOME VIDEO INC., a New York Corporation,

Plaintiffs - Counter-Defendants Appellees,

v.

ENTERTAINMENT DISTRIBUTING, an Oregon Corporation; MARATHON MUSIC & VIDEO, an Oregon Corporation,

Defendants - Appellants,

DASTAR CORPORATION, an Oregon Corporation,

Defendant - Counter-Claimant Appellant.

RANDOM HOUSE, INC., sued as Doubleday, a division of Bantam Doubleday Dell Publishing Group, Inc.,

Counter-Defendant - Appellee.

No. 03-57234

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; NEW LINE HOME VIDEO INC., a New York Corporation,

Plaintiffs - Counter-Defendants Appellees,

v.

ENTERTAINMENT DISTRIBUTING, an Oregon Corporation; MARATHON MUSIC & VIDEO, an Oregon Corporation,

Defendants - Appellants,

DASTAR CORPORATION, an Oregon Corporation,

Defendant - Counter-Claimant Appellant,

RANDOM HOUSE, INC., sued as Doubleday, a division of Bantam Doubleday Dell Publishing Group, Inc.,	)
Counter-Defendant - Appellee.	)

ORDER

Before: FARRIS, D.W. NELSON, and TALLMAN, Circuit Judges.

Judges Farris and Tallman have voted to deny the petition for panel rehearing. Judge Tallman has voted to deny the petition for rehearing en banc and Judge Farris so recommends. Judge Nelson has voted to grant the petition for rehearing and recommends granting the petition for rehearing en banc.

The full court has been advised of the petition for rehearing en banc and no judge has requested a vote on whether to rehear the matter en banc. Fed. R. App. P. 35.

The petition for panel rehearing and the petition for rehearing en banc are denied.

APPENDIX B

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

No. 03-57052

[Filed November 18, 2005]

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; NEW LINE HOME VIDEO INC., a New York Corporation,	)
Plaintiffs - Counter-Defendants Appellees,	)
v.	)
ENTERTAINMENT DISTRIBUTING, an Oregon Corporation; MARATHON MUSIC & VIDEO, an Oregon Corporation,	)
Defendants - Appellants,	)
DA STAR CORPORATION, an Oregon Corporation,	)
Defendant - Counter-Claimant Appellant,	)

RANDOM HOUSE, INC., sued as Doubleday, a division of Bantam Doubleday Dell Publishing Group, Inc.,

Counter-Defendant - Appellee.

No. 04-55410

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; NEW LINE HOME VIDEO INC., a New York Corporation,

Plaintiffs - Counter-Defendants Appellees,

v.

ENTERTAINMENT DISTRIBUTING, an Oregon Corporation; MARATHON MUSIC & VIDEO, an Oregon Corporation,

Defendants - Appellants,

DASTAR CORPORATION, an Oregon Corporation,

Defendant - Counter-Claimant Appellant,

RANDOM HOUSE, INC., sued as Doubleday, a division of Bantam Doubleday Dell Publishing Group, Inc.,

Counter-Defendant - Appellee.

No. 03-57234

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; NEW LINE HOME VIDEO INC., a New York Corporation,

Plaintiffs - Counter-Defendants Appellees,

v.

ENTERTAINMENT DISTRIBUTING, an Oregon Corporation; MARATHON MUSIC & VIDEO, an Oregon Corporation,

Defendants - Appellants,

DASTAR CORPORATION, an Oregon Corporation,

Defendant - Counter-Claimant Appellant.

RANDOM HOUSE, INC., sued as Doubleday, a division of Bantam Doubleday Dell Publishing Group, Inc.,	)
Counter-Defendant - Appellee.	)

Before: Jerome Farris, Dorothy W. Nelson, and Richard C. Tallman, Circuit Judges. Opinion by Judge Tallman; Dissent by Judge D.W. Nelson.

OPINION

TALLMAN, Circuit Judge:

General Dwight D. Eisenhower's fascinating written account of World War II is the subject of a more mundane, present day battle over the copyright to that now famous book, *Crusade in Europe*. Dastar Corporation ("Dastar") appeals the district court's judgment in favor of Twentieth Century Fox Film Corporation ("Fox"), SFM Entertainment LLC, and New Line Home Video, Inc., (collectively, "Twentieth Century Fox Parties"), finding that Dastar infringed protected copyrights to *Crusade in Europe*, and the court's subsequent award of attorneys' fees and costs to Twentieth Century Fox Parties. We affirm.

I

The district court entered judgment following a bench trial, and we set forth the pertinent facts in the light most favorable to the prevailing parties.

General Eisenhower served as Supreme Commander of the Allied Expeditionary Forces during World War II, following his service as Commander of the U.S. troops in Europe. Upon the surrender of the German military forces in 1945, numerous publishers approached General Eisenhower, offering him the opportunity to publish his memoirs about the war. General Eisenhower, however, spurned all such offers until Doubleday president Douglas Black and *The New York Herald Tribune* ("*Tribune*") vice-president William Robinson convinced him otherwise. General Eisenhower explained:

> Many months before I left the Army, I was approached by representatives of various publishing houses, each with a different reason for wanting to publish my memoirs of the war. To all these proposals I turned a deaf ear.
>
> . . .
>
> But finally two men, Douglas M. Black of Doubleday and William Robinson, of The New York *Herald Tribune*, came to me with a different kind of argument. Roughly it went like this:
>
> Historians, they said, are often inclined to use contemporary accounts as source materials . . . . They showed me, or reminded me of, a number of books which had been written hurriedly, so as not to "miss the market." Certain of these books on the African and European campaigns were riddled with inaccuracies. They contained conclusions that had slight basis in fact and were the hasty conceptions or misconceptions of authors who had a flair for writing rapidly and fluently. Mr. Black and Mr. Robinson, who were functioning partners for the proposal,

> pointed out errors in these publications and said that since these were written during my lifetime and were not denied or corrected by me, the historians of the future might give them a high degree of credibility.
>
> This reasoning impressed me. After I thought it over for a time, they came back and I said, "I'm ready to undertake this task but on one condition only: it seems to me that every time the subject is brought up, people talk about all the various kinds of publishing rights and so on and I don't want to be bothered with such things. Now if you people can come up with a single package to cover the whole affair so that I don't have to argue with too many people, I will probably undertake something.

DWIGHT D. EISENHOWER, AT EASE 324-25 (Doubleday & Company, Inc. 1967) (1967).

The evidence showed that despite General Eisenhower's initial reluctance, the thought of penning a personal account of his war experiences had previously crossed his mind. According to General Eisenhower, he had "tried to draft a bit of narrative just to satisfy himself that [he] had something to say that was worth hearing." But ultimately, General Eisenhower explained that he had "not convinced himself of this at all," and any work was merely an "experiment" "more as a protection to himself in the event [he] ever did want to write." He did not definitively decide to write and publish his memoirs, however, until approached by Messrs. Black and Robinson.

After hearing their initial pitch, General Eisenhower and his attorney met with representatives from *Tribune* and Doubleday in Washington, D.C., on December 30, 1947.

Doubleday made General Eisenhower an attractive offer to publish his memoirs and he accepted the terms with a handshake. General Eisenhower wrote the next day that "all is settled on a 'gentleman's agreement' basis," further explaining that the matter had reached a "definite conclusion."

Prior to the December 30, 1947, meeting, Doubleday suggested to General Eisenhower that he could potentially avoid having the publishing deal taxed as ordinary income, and instead obtain more favorable capital gains treatment. General Eisenhower contacted the Internal Revenue Service ("IRS") and explained his situation. He asked the IRS for an opinion as to how the sale of the book and publication would be treated for tax purposes. The IRS explained that under 26 U.S.C. § 117 (since repealed) it could treat him as a nonprofessional, first-time writer, and if he adhered to a specific set of restrictions, the proceeds could be taxed as capital gains, instead of as salary. Specifically, the IRS explained that if General Eisenhower sold "all [his] right, title and interest" in the book after having held the completed manuscript for a period of six months, the proceeds of his deal would qualify for long-term capital gains treatment.

General Eisenhower explained to Doubleday that he would have to structure the transaction as his advisors directed, including specifically the need to account for the IRS' opinion that any written agreement could only be in the form of an option to purchase the manuscript in six months, in order to obtain the favorable tax treatment. Just after reaching the "handshake" agreement, General Eisenhower wrote to a friend that his lawyer "was collaborating with the Treasury Department and with the Doubleday people to see how a tentative instrument [could] be drawn up that can in no wise be interpreted either as a bona fide sale or as a 'contract for services.'" He later explained to Doubleday that although

they could not have a formal contract in place, "at any time subsequent to six months, after my completion of the manuscript, I shall be prepared to enter into a contract with [Doubleday] without regard to what any other publishing house might propose in the interim." Thus, the district court determined as a matter of fact that Doubleday understood that General Eisenhower could not have put their agreement into writing until six months *after* the completion of his first draft without jeopardizing favorable long-term capital gains treatment.

The district court further found that General Eisenhower began writing the book manuscript *after* he reached the agreement with Doubleday on December 30, 1947. The writing process took on almost mythic proportions. General Eisenhower typically worked approximately sixteen hours a day, dictating text in the morning and revising and editing drafts in the afternoon. Doubleday, for its part, not only supplied round-the-clock secretarial staff, researchers, and stenographers, but also supervised much of the work, and paid for the creation of maps and photos for inclusion in the book. Additionally, the Doubleday editorial board met with General Eisenhower in person on numerous occasions, and provided extensive comments and notes on the work in progress.

General Eisenhower completed the first draft of the manuscript on March 24, 1948. Just over six months later, as required by the IRS for favorable tax treatment, General Eisenhower memorialized the December 1947 "handshake agreement" in an October 1, 1948, written contract. The document signed by General Eisenhower stated that:

> In consideration of the sum of [REDACTED] to me in hand paid, the receipt of which is hereby acknowledged, I do hereby sell, assign, transfer and

> set over unto Doubleday & Company, Inc., for its own use, absolutely and forever, the manuscript of my War Memoir entitled CRUSADE IN EUROPE, and all rights of every nature pertaining thereto.

After execution of the written agreement, Doubleday sold to Fox exclusive television rights to the book, agreeing to register the copyright and granting it the right to use portions of the text as part of the narration in any film version of the book. Thereafter, in 1948, Doubleday obtained certificates of registration for the copyrights to the book. Fox subsequently produced just such a film, also titled *Crusade in Europe* ("*Crusade in Europe* Video"), in 1953. Fox later sublicensed the right to distribute the *Crusade in Europe* Video to SFM Entertainment, which in turn sublicensed manufacture and distribution rights over home videocassettes to New Line Home Video.

In 1995, Dastar created its own video documentary named *Campaigns in Europe*. The Twentieth Century Fox Parties sued Dastar, alleging that *Campaigns in Europe* infringed on *Crusade in Europe* by using large sections of the book's text as part of the video narration without permission. Dastar subsequently asserted several counterclaims against Twentieth Century Fox Parties, which later amended their complaint to include a claim that Dastar had violated § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), and California unfair competition law.

Twentieth Century Fox Parties and Dastar raised cross-motions for summary judgment. The district court granted Twentieth Century Fox Parties' motion on both the Lanham Act claim and the copyright claim, and denied Dastar's motion in full. After issuing its summary judgment ruling the district court granted Twentieth Century Fox Parties' motion

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for attorneys' fees under § 505 of the 1976 Copyright Act. 17 U.S.C. § 505. The district court determined that Twentieth Century Fox Parties were wholly successful in their suit, that Dastar's copyright defense was "objectively unreasonable," that Dastar's litigation tactics were motivated by "bad faith," and that an award of attorneys' fees and costs was necessary to deter Dastar from further infringement.

Dastar brought an earlier appeal challenging the district court's summary judgment ruling. In an unpublished memorandum decision, we affirmed the district court's judgment on the Lanham Act claims, but reversed and remanded the copyright claims, holding that there were genuine issues of material fact as to General Eisenhower and Doubleday's intent on the work-for-hire issue. Dastar successfully petitioned for writ of certiorari on the Lanham Act claims, and the Supreme Court reversed and remanded the case back to us. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 38, 123 S. Ct. 2041, 156 L. Ed. 2d 18 (2003). We then remanded the case back to the district court with instructions to dismiss the Lanham Act claim with prejudice.

In its summary judgment appeal, Dastar had also appealed the fee award, arguing that the fee request was not adequately documented and that the fee rates and hours billed were excessive. We rejected both arguments, but in light of our reversal of the district court's summary judgment in favor of Twentieth Century Fox Parties on the copyright claim, we vacated the fee award and remanded to the district court to recalculate the fees once the copyright claim had been resolved.

Subsequently, the district court granted Dastar's motion for summary judgment and dismissed Twentieth Century Fox

Parties' unfair competition claim. With only the copyright claim remaining, the parties then submitted to a bench trial, during which the district court admitted hundreds of exhibits, including General Eisenhower's correspondence, notes, and recorded recollections. Dastar did not call any witnesses at trial, relying solely on the documentary evidence submitted and its cross-examination of Twentieth Century Fox Parties' only witness, Samuel Vaughn, a Doubleday editor who worked closely with General Eisenhower. After entering lengthy findings of fact and conclusions of law, the district court determined that General Eisenhower's book was created as a work-for-hire within the definition of the statute, and that Dastar's video infringed the copyright to the book.

Upon conclusion of the bench trial, the court again considered the issue of attorneys' fees, and granted Twentieth Century Fox Parties' motion. In its opinion, the district court incorporated by reference its earlier opinion awarding fees. In its new order, the district court held that for the same reasons it had stated previously, Twentieth Century Fox Parties were still entitled to a fee award because they had prevailed. The district court recalculated the lodestar fees from its December 2000 award based on expenses incurred in defending the summary judgment appeal and reduced the fees based on the subsequently dismissed Lanham Act claim.

Dastar appeals both the district court's adverse judgment on Twentieth Century Fox Parties' copyright infringement claim and the district court's subsequent re-award of attorneys' fees. We affirm.

II

We first consider Twentieth Century Fox Parties' infringement claims under the now repealed Copyright Act of

1909, 17 U.S.C. § 1, 61 Stat. 652-61 (repealed 1976) ("1909 Act"), because *Crusade in Europe* was published before the January 1, 1978, effective date of the 1976 Copyright Act ("1976 Act"), 17 U.S.C. § 101. *Dolman v. Agee*, 157 F.3d 708, 712 n.1 (9th Cir. 1998). To demonstrate copyright infringement, the plaintiff must prove ownership of a valid copyright and copying of constituent elements of the work that are original. *Walker v. University Books, Inc.*, 602 F.2d 859, 862 (9th Cir. 1979). Dastar's defense hinges on its attempt to demonstrate that Doubleday did not own a valid copyright in *Crusade in Europe* in 1995 because Doubleday's purported attempt to renew the copyright in 1975 was ineffective.

Section 24 of the 1909 Act provides that the initial copyright shall last for twenty-eight years. 1909 Act, 17 U.S.C. § 24. The proprietor of "any work copyrighted . . . by an employer for whom such work is made for hire" is entitled to a renewal and extension of the copyright for an additional term of twenty-eight years if the employer makes the appropriate application for renewal within one year prior to the expiration of the copyright original term. *Id.*

In the case of art not created as a work-for-hire, however, only the author may renew the copyright in the final year of the initial twenty-eight year period. *Id.* If the author is not alive during the one-year renewal period, then such right of renewal passes to the surviving spouse, or children of the author, then to the executors of the author's estate, or in the absence of a will naming executors, to the next of kin. *Id.* If no such renewal is made by the appropriate family member or executor, the copyright expires twenty-eight years from publication.[1] *Id.*

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[1] In full, the 1909 Copyright Act states:

The copyright secured by this title shall endure for twenty-

Dastar argues that, as a matter of law, *Crusade in Europe* cannot be a work-for-hire because where as here, General Eisenhower authored the book as an independent contractor,

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eight years from the date of first publication, whether the copyrighted work bears the author's true name or is published anonymously or under an assumed name: *Provided*, That in the case of any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in default of the registration of such application for renewal and extension, the copyright in any work shall determine at the expiration of twenty-eight years from first publication.

Doubleday was not his "employer." We disagree. The 1909 Act does not provide any definition of "work made for hire" or "employer." *Estate of Burne Hogarth v. Edgar Rice Burroughs, Inc.*, 342 F.3d 149, 156 (2d Cir. 2003). It provides only in § 26 that "in the interpretation and construction of this title . . . the word 'author' shall include an employer in the case of works made for hire." 1909 Act, 17 U.S.C. § 26. "Because the 1909 Act did not define 'employer' or 'works made for hire,' the task of shaping these terms fell to the courts." *Comm. for Creative Non-Violence v. Reid*, 490 U.S. 730, 744, 109 S. Ct. 2166, 104 L. Ed. 2d 811 (1989) ("*CCNV*"). Resolution of the issue thus becomes a mixed question of law and fact.

"Until the mid-1960's [sic], federal courts applied the work-for-hire doctrine only to cases in which a traditional employer/employee relationship existed between the hiring party and the creator of the work." *Playboy Enters., Inc. v. Dumas*, 53 F.3d 549, 554 (2d Cir. 1995). However, "in the last decade that the [1909] Act was effective, courts expanded the concept to include less traditional relationships, as long as the hiring party had 'the right to control or supervise the artist's work.'" *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 206 F.3d 1322, 1327 (9th Cir. 2000) (citation omitted).

Forty years ago, we explained the law of this circuit with respect to works-for-hire:

> When one person engages another, whether as employee or as an independent contractor, to produce a work of an artistic nature, that in the absence of an express contractual reservation of the copyright in the artist, the presumption arises that the mutual intent of the parties is that the title to the copyright shall be in

> the person at whose instance and expense the work is done.

Lin-Brook Builders Hardware v. Gertler, 352 F.2d 298, 300 (9th Cir. 1965); *see May v. Morganelli-Heumann & Assocs.*, 618 F.2d 1363, 1368 (9th Cir. 1980); *Dolman*, 157 F.3d at 711-12. Accordingly, we have consistently evaluated claims that a work was made for hire by asking whether it was created at the "instance and expense" of the engaging party. *See, e.g., Dolman*, 157 F.2d at 712 (stating that a party asserting work-for-hire affirmative defense "was required to present some credible evidence that [the author's] work was done at the "instance and expense" of the commissioning party); *May*, 618 F.2d at 1368 n.4 ("What is necessary is that the artist produce the work at the instance and expense of the employer (or commissioning party) . . . .").

Dastar's argument that independent contractors cannot create works-for-hire as a matter of law essentially seeks to overturn forty years of established case law within this circuit, something we as a three-judge panel cannot and will not do. *Palmer v. Sanderson*, 9 F.3d 1433, 1437 n.5 (9th Cir. 1993) ("As a general rule, a panel not sitting en banc may not overturn circuit precedent."). It has been well established within this circuit that works by independent contractors may qualify as works-for-hire so long as they were created at the instance and expense of the commissioning party. *See Dolman*, 157 F.3d at 712; *Self-Realization Fellowship Church*, 206 F.3d at 1326. Nor are we alone in applying the work-for-hire doctrine to a case in which an employer commissioned a work by an independent contractor. *See Estate of Burne Hogarth*, 342 F.3d at 163 (there is no "distinction in the case law under the 1909 Act between employees and independent contractors"); *Playboy*, 53 F.3d at 554; *see also Murray v. Gelderman*, 566 F.2d 1307, 1311

n.7 (5th Cir. 1978) (observing that the work-for-hire doctrine is applicable when the parties are an employer and an independent contractor); *Forward v. Thorogood*, 985 F.2d 604, 606 (1st Cir. 1993) (noting that, although previously confined to the traditional employer-employee relationship, the work-for-hire doctrine has been expanded to include commissioned works created by an independent contractor).

To the extent that Dastar argues that the Supreme Court's 1989 decision in *CCNV* undermines our existing precedent, we are unpersuaded. First, as a preliminary matter, we considered two cases post-*CCNV*, both of which reaffirmed our law that works created by independent contractors at the instance and expense of a commissioning party are presumed to be works-for-hire. *See Self-Realization Fellowship Church*, 206 F.3d at 1326; *Dolman*, 157 F.3d at 712.

Second, the *CCNV* Court considered the meaning of "work-for-hire" only under the 1976 Copyright Act. 490 U.S. at 732. In recounting the history of the work-for-hire doctrine, the Supreme Court noted that under the 1909 Act, "the courts generally presumed that the commissioned party had impliedly agreed to *convey* the copyright, along with the work itself, to the hiring party." *Id.* at 744 (emphasis added). Dastar argues, based on this statement, that if the commissioning party acquires the copyrights from the independent contractor through an implied agreement to convey, then the work was not made for hire because, with works-for-hire, the commissioning party *automatically* owns the copyright upon creation in the first place -- there is no need to convey any rights. *See* 1909 Act, 17 U.S.C. § 26 (repealed 1976) ("'author' shall include the employer in the case of works made for hire").

We join the Second Circuit in rejecting that argument. *See Estate of Burne Hogarth*, 342 F.3d at 162-63. The *CCNV* Court was clear that it was considering the meaning of the work-for-hire provision of the 1976 Copyright Act. 490 U.S. at 732. No part of its decision rests on the meaning of the work-for-hire provision in the 1909 Act, rendering its commentary non-binding dicta. *See Estate of Burne Hogarth*, 342 F.3d at 163 ("We conclude that the historical review in *CCNV*, if dictum at all, is dictum of a weak variety . . . ."); *see also Cetacean Cmty. v. Bush*, 386 F.3d 1169, 1173 (9th Cir. 2004) ("A statement is dictum when it is made during the course of delivering a judicial opinion, but is unnecessary to the decision of the case and is therefore not precedential.") (internal citation, alterations, and quotation marks omitted).[2] To the extent necessary, we reaffirm the well-established law of this circuit: an independent contractor creates a work-for-hire when it was made at the instance and expense of the commissioning party. *Lin-Brook*, 352 F.3d at 300.

III

Having concluded that independent contractors may as a matter of law create works-for-hire, we consider whether in this case, as determined by the district judge in her capacity as the trier of fact, General Eisenhower wrote *Crusade in Europe* at the instance and expense of Doubleday. *May*, 618

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[2] We further note that *CCNV* only opined as to what "courts *generally* presumed," *CCNV*, 490 U.S. at 744 (emphasis added), citing only to dated Second Circuit cases, and omitting any discussion of or citation to our own well-established precedent. As we explained, in the final ten years that it was effective, the 1909 Act work-for-hire doctrine expanded to include independent contractors.

F.2d at 1368 n.4. We review the district court's conclusions of law following a bench trial *de novo*. *Friends of Yosemite Valley v. Norton*, 348 F.3d 789, 793 (9th Cir. 2003). Factual conclusions, however, are reviewed for clear error. *Id.*

To the extent that Dastar challenges the district court's findings of fact, we find no clear error and affirm them. *See id.* at 793. The determinations of the district court must be upheld unless on review of all the evidence we are left with the "definite and firm conviction that a mistake has been committed." *Easley v. Cromartie*, 532 U.S. 234, 242, 121 S. Ct. 1452, 149 L. Ed. 2d 430 (2001). "It is for the district court to resolve the factual disputes and to draw inferences from that proof." *Husain v. Olympic Airways*, 316 F.3d 829, 835 (9th Cir. 2002). Though our colleague in dissent would reach different factual conclusions from the evidence adduced at trial, we may not disturb the district court's factual findings where we would have drawn different inferences or determined the facts differently. *Easley*, 532 U.S. at 242. Thus, although we may agree with the dissent that the evidence presented could have permitted different inferences than the district court ultimately drew, we find no clear error in the district court findings of fact and adopt them in full for the purposes of our analysis.

A

We recently described the "instance" test as an inquiry into whether "the motivating factor in producing the work was the employer who induced the creation." *Self-Realization Fellowship Church*, 206 F.3d at 1326 (quoting *Playboy*, 53 F.3d at 554). The "instance" test is shaped in part by the degree to which the "hiring party had 'the right to control or supervise the artist's work.'" *Self-Realization Fellowship Church*, 206 F.3d at 1327 (citing MELVILLE B. NIMMER

AND DAVID NIMMER, *Nimmer on Copyright*, § 5.03[B][1][a][I] (1999)).

General Eisenhower's case presents the prototypical situation where the motivating factor for producing the work was the employer's inducement. General Eisenhower spurned all book offers until approached by representatives from Doubleday and *Tribune* who convinced him to pen his personal account of the war. Moreover, he did not begin the actual writing until after December 30, 1947. *Cf. Siegel v. National Periodical Publications, Inc.*, 508 F.2d 909, 914 (2d Cir. 1974).

Where, as here, a reluctant author who historically had refused to engage in the creative process begins to write voraciously after being persuaded by a publisher, the evidence is sufficient to support the factual conclusion that the work was at the publisher's "instance." *See Playboy*, 53 F.3d at 556 (author's work was created at the instance of the publisher where the author "would not have created those particular [works] if he had not been given the assignments" by the publisher).

This case stands in stark contrast to our decision in *Self-Realization Fellowship Church*. In that instance, we held that works created by a monk who had taken a vow of poverty, assigned all his possessions to the church he founded, and renounced any claim he may have for compensation, were not works-for-hire under the 1909 Act. 206 F.3d at 1327. We concluded that because the works were "motivated by [the monk's] own desire for self-expression" they were not works-for-hire. *Id.* at 1326-27; *see also Forward*, 985 F.2d at 606 (holding that demo tapes prepared by the artist for the purposes of enticing a record company to produce and distribute them were not created at the instance of the

employer); *Siegel*, 508 F.2d at 914 (holding that the Superman comic strip was not created at the employer's instance where the Superman character "had been spawned by the [author] four years before the relationship between [the] authors and the [employer]"); *cf. Picture Music, Inc. v. Bourne, Inc.*, 457 F.2d 1213, 1217 (2d Cir. 1972) (holding a work is deemed for hire where the employer took the "initiative in engaging" the author to create the work).

Dastar argues that the book could not have been created at Doubleday's instance because General Eisenhower had been drafting notes and small portions of what he thought might ultimately coalesce into a full book prior to any agreement with Doubleday to publish. The district court rejected that assertion as a matter of fact, finding that what General Eisenhower himself described as attempts "to draft a bit of narrative just to satisfy myself that I had something to say that was worth hearing," were nothing more than an "experiment" done "more as a protection to himself in the event [he] ever did want to write." Moreover, although General Eisenhower used notes made throughout the war "to jog and reinforce his memory," he otherwise wrote from scratch. Critically, Dastar did not introduce any evidence suggesting that General Eisenhower had begun drafting the book before he reached his agreement with Doubleday in December 1947.[3] In sum, we think the factual record is more than sufficient to conclude that

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[3] Dastar argues that a 1948 magazine article reporting that General Eisenhower wrote the first 60,000 words of *Crusade in Europe* in 1942 while stationed in Gibraltar would have demonstrated that General Eisenhower began writing his war memoirs not at Doubleday's insistence, but of his own volition. However, this article was excluded by the district court as hearsay. We see no abuse of discretion in the district court's exclusion of that inadmissible evidence, and we do not consider it on appeal.

General Eisenhower's creation of *Crusade in Europe* was induced by Doubleday.

Additionally, we are satisfied by the evidence that Doubleday had sufficient supervisory powers over General Eisenhower's authorship, a point which Dastar does not contest. We note that complete control over the author's work is not necessary. *See Picture Music*, 457 F.2d at 1217 (holding that supervision existed where the commissioning party had "the power to accept, reject, or modify [the] work"). Instead, the issue is one of degree where the greater the degree of supervisory power and control a commissioning party has over an independent contractor, the more likely it is that the work was created at the commissioning party's instance.

Doubleday had a significant degree of supervision over General Eisenhower's writing. Specifically, the district court determined that Doubleday's typical process for most books involved waiting for the manuscript to be completed, and then discussing possible improvements with the author. With *Crusade in Europe*, however, the degree of in-person supervision was much greater than usual, including regular face-to-face meetings between General Eisenhower and Doubleday during the writing process where its editorial board provided him with extensive notes and comments. Doubleday also hired a fact checker who "offered suggestions for modifications and additions . . . where the original draft did not conform with historical facts." The district court did not clearly err in deciding that this evidence supported a conclusion that General Eisenhower would not have written the work without the urging of Doubleday and *Tribune*.

B

Moreover, there is little doubt that the book was authored at Doubleday's expense. Doubleday took on all the financial risk of the book's success, agreeing to pay General Eisenhower a lump sum for writing the book, instead of negotiating a royalty deal. In addition, Doubleday shouldered the expense for the entire staff who assisted General Eisenhower in drafting the manuscript, including three secretaries, a fact checker, and the services of the editorial board at Doubleday. Finally, Doubleday took responsibility for all the costs necessary to produce the maps and photographs that were included in the book. There was no evidence that General Eisenhower paid for a single expense associated with writing and publishing the book.

We thus uphold the district court's conclusion that, because General Eisenhower would not have authored or published *Crusade in Europe* without Doubleday's convincing, and because there is no question that Doubleday carried the financial load of preparing the book, it was in fact created at the instance and expense of the commissioning party.

IV

Where we determine that a work was produced at the instance and expense of another party, we indulge the legal presumption that it is a work-for-hire -- that the copyright lies *ab initio* with the commissioning party. *See Dolman*, 157 F.3d at 711-12; *Self-Realization Fellowship Church*, 206 F.3d at 1326. "The work for hire presumption can be overcome by evidence of an agreement by which the employee or independent contractor retained the copyright in his work." *Dolman*, 157 F.3d at 712.

Dastar argues that the October 1, 1948, contract purporting to assign all rights in *Crusade in Europe* to Doubleday is inimical with the work-for-hire doctrine. Had Doubleday acquired the copyrights under the work-for-hire doctrine, there would be no need for a later assignment of those very rights. Thus, according to Dastar, the 1948 conveyance proves that the parties never intended the work-for-hire presumption to apply.

The presumption may be rebutted only by evidence that the parties did not intend to create a work-for-hire. *See id.* at 712-13; *Lin-Brook*, 352 F.2d at 300 (holding that the evidence was insufficient to rebut the presumption because there was no evidence "as to the circumstances or intendment" of the parties). And thus, the contract alone, however, is insufficient to rebut the presumption. *Lin-Brook*, 352 F.2d at 300. In *Lin-Brook*, we faced a similar situation where just before the commencement of the lawsuit, the independent contractor/ author executed an assignment to the commissioning party of the copyrights in allegedly infringed drawings. 352 F.2d at 300. We rejected the district court's determination that the assignment demonstrated prior lack of title in the commissioning party because "without any evidence as to the *circumstances or intendment* of its execution" the agreement was insufficient to rebut the presumption. *Id.* (emphasis added).

The only rebuttal evidence of intent to which Dastar points is the IRS tax treatment of the book. We are, however, unconvinced that the tax treatment of a publishing deal bears on whether Doubleday and General Eisenhower intended the work to be a work-for-hire. Doubleday and General Eisenhower's 1947 agreement to publish the book evidenced their intent to create a work-for-hire. As General Eisenhower stated:

> I'm ready to undertake this task but on one condition only: it seems to me that every time the subject is brought up, people talk about all the various kinds of publishing rights and so on and I don't want to be bothered with such things. Now if you people can come up with a single package to cover the whole affair so that I don't have to argue with too many people, I will probably undertake something.

Thus, the record supports the district court's conclusion that General Eisenhower and Doubleday contemplated a work-for-hire scenario where General Eisenhower need never be concerned with the rights to the book. As the district court determined, the only reason that the parties did not execute a formal agreement purporting to create a work-for-hire in 1947 was to comply with the formalistic tax requirements set out by the IRS. Doubleday, in particular, was sensitive about not creating any formal written instrument that could potentially jeopardize capital gains treatment of the Eisenhower deal -- a strange concern had it been worried that delay in reducing the agreement to writing could have had a negative impact on its ownership of the copyright.

Moreover, there is no evidence in the record that either General Eisenhower or Doubleday thought that Doubleday did not own the copyright. Nor is there evidence that General Eisenhower thought that he had to legally transfer such title for Doubleday to acquire title to the copyright. Finally, Doubleday acted in a manner consistent with its status as the copyright owner. When it renewed the copyright in 1975, Doubleday listed itself as the proprietor of the copyright as a work-for-hire. We agree with the district court that there is

insufficient evidence to rebut the presumption that *Crusade in Europe* was a work created for hire.[4]

V

Dastar next argues that Doubleday did not hire General Eisenhower until February 8, 1948, and Doubleday can only claim rights in material created after that date. We again disagree. The district court properly determined as a matter of fact that Doubleday and General Eisenhower entered into an agreement on December 30, 1947. We uphold its legal conclusion that the entire published contents of *Crusade in Europe* were properly copyrighted.

Moreover, the district court determined that Dastar admitted to copying without authorization substantial portions of *Crusade in Europe* to create *Campaigns in Europe*. Dastar has presented no arguments that give us cause to reverse the

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[4] *Dolman* does not compel a different result. In that case we held that the defendant had introduced sufficient evidence to rebut the work-for-hire presumption, relying in part on evidence that the author, Shield, assigned away the copyrights to the subject works. 157 F.3d at 713. We concluded that the presumption had been successfully rebutted by relying specifically on evidence in addition to the assignment, including evidence that the assignee filed copyright registrations and renewals naming Shield as the author. *Id.* Here, however, Doubleday initially registered itself as the copyright owner and indicated on the 1975 copyright renewal that it was the proprietor as a work-for-hire. The evidence in *Dolman*, unlike here, went to the parties' intent regarding the issue of copyright ownership. *Id.* Dastar's reliance on the attempt to obtain favorable tax treatment does nothing to undermine the presumption that the parties intended to create a work-for-hire.

district court's judgment. We affirm the district court's judgment of infringement.

VI

Dastar also claims on appeal that the district court erred by restricting the scope of the trial on remand. We disagree. We vacated the district court's initial grant of summary judgment on Twentieth Century Fox Parties' copyright infringement claim because "the evidence raised doubt as to Eisenhower's intent with respect to *Crusade in Europe*." *Twentieth Century Fox Film Corp. v. Entm't Distrib.*, 34 Fed. Appx. 312, 314 (9th Cir. 2002) (unpublished). There is nothing in our prior decision that indicates that we issued an open remand. Rather, in remanding to the district court, our opinion contemplates a trial to resolve the only remaining genuine issue of material fact: General Eisenhower's intent to create a work-for-hire. *See also Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28 n.2, 123 S. Ct. 2041, 156 L. Ed. 2d 18 (2003) (stating that the "Ninth Circuit held that the tax treatment General Eisenhower sought for his manuscript of the book created a triable issue as to whether he intended the book to be a work for hire"). The district court properly conducted the trial we ordered.

VII

A

We now consider the district court's award of attorneys' fees under 17 U.S.C. § 505.[5] Under § 505, the district court

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[5] Although the 1909 Act clearly applies to the substantive nature of the protection, Twentieth Century Fox Parties successfully moved for attorneys' fees under § 505 of the 1976 Act. We note that this

has discretion to award "reasonable attorney[s'] fee[s] to the prevailing party." 17 U.S.C. § 505. "An award of attorney[s'] fees to a prevailing [party] that furthers the underlying purposes of the Copyright Act is reposed in the sound discretion of the district courts . . . ." *Fantasy, Inc. v. Fogerty*, 94 F.3d 553, 555 (9th Cir. 1996). In awarding fees, the district court may consider the following factors: (1) frivolousness; (2) motivation; (3) objective unreasonableness both in the factual and legal components of the case; (4) and the need in particular circumstances to advance the dual goals of compensation and deterrence. *Fogerty v. Fantasy, Inc.*, 510 U.S. at 534 n.19.

"A district court's fee award does not constitute an abuse of discretion unless it is based on an inaccurate view of the law or a clearly erroneous finding of fact." *Fantasy*, 94 F.3d at 556 (quoting *Schwarz v. Sec'y of Health & Human Servs.*, 73 F.3d 895, 900 (9th Cir. 1995)). "Generally, a district court's order on attorney[s'] fees may be set aside if the court fails to state reasons for its decision . . . ." *Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 815 (9th Cir. 2003). Remand is required only where the record does not support the district court's fee award. *Id.*

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is not the first instance where a party sought relief for infringement under the 1909 Act, but pursued its attorneys' fees claim under the 1976 Act. *See Magnuson v. Video Yesteryear*, 85 F.3d 1424 (9th Cir. 1996). And although both acts have substantially similar provisions for awarding attorneys' fees, *Fogerty v. Fantasy, Inc.*, 510 U.S. 517, 523-24, 114 S. Ct. 1023, 127 L. Ed. 2d 455 (1994), we do not consider whether the attorneys' fee award should be analyzed under the 1909 Act or under the 1976 Act because neither party raised that issue on appeal. We simply accept the parties' contention that the district court's award of fees under § 505 should be reviewed for an abuse of discretion.

Nothing in the record, and none of Dastar's arguments, convince us that the district court abused its discretion in awarding fees based on the copyright claims. The mere fact that it relied on its earlier findings to support its fee award does not equate with a failure to articulate reasons for an award. Quite the contrary, as all the parties agree, the district court incorporated its earlier findings into its December 2004 fee award, thereby providing us with a sufficient basis to determine that it considered the factors listed in *Fogerty v. Fantasy, Inc.*\ *See Magnuson v. Video Yesteryear*, 85 F.3d at 1432.

Similarly, we reject Dastar's claim that the district court improperly granted fees to Twentieth Century Fox Parties for defending against Dastar's unfair competition and slander claims. Fee awards may include costs and fees associated with defending against counterclaims if the counterclaims "involve a common core of facts or are based on related legal theories." *Webb v. Sloan*, 330 F.3d 1158, 1168 (9th Cir. 2003) (emphasis omitted). Dastar's counterclaims are predicated on its assertion that Doubleday did not own the copyright to *Crusade in Europe*, and are thus sufficiently related.

Finally, Dastar argues that the district court improperly awarded fees generated by Twentieth Century Fox Parties in defending against Dastar's prior appeal of the district court's summary judgment award. Relying heavily on Circuit Rules 39-1.6 and 39-1.8, Dastar contends that the district court was without jurisdiction to award appeal fees, primarily because Twentieth Century Fox Parties did not first file an application with us to recover fees and expenses.

In *Cabrales v. Los Angeles*, 935 F.2d 1050 (9th Cir. 1991), we held that a party requesting fees under 42 U.S.C.

§ 1988, a fee and cost provision similar in form to § 505, *see* 17 U.S.C. § 505, was improperly denied fees for an intermediate appellate stage of its litigation where it was unsuccessful, although it was ultimately successful on the merits of its claims. In that case, the plaintiff secured a judgment from the district court that was affirmed on appeal. *Id.* at 1051. The Supreme Court vacated our decision, however, and remanded for reconsideration. *Id.* We affirmed our prior holding and reinstated the district court's judgment. *Id.* After the Supreme Court denied the defendant's second petition for certiorari, the plaintiff moved in the Supreme Court for its attorneys' fees *Id* The Supreme Court then remanded to the district court which awarded her attorneys' fees for work done on the second petition, but not the first. *Id.* We reversed, holding that "plaintiffs are to be compensated for attorney[s'] fees incurred for services that contribute to the ultimate victory in the lawsuit." *Id.* at 1052; *see also NAACP v. Richmond*, 743 F.2d 1346, 1358-1359 (9th Cir. 1984) (remanding to the district court to award attorneys' fees for services at the trial and appellate level to the Appellant, who ultimately prevailed).

We think the same rationale is applicable here. "Rare, indeed, is the litigant who doesn't lose some skirmishes on the way to winning the war. Lawsuits usually involve many reasonable disputed issues and a lawyer who takes on only those battles he is certain of winning is probably not serving his client vigorously enough . . . ." *Cabrales*, 935 F.2d at 1053. We see no abuse of discretion in the district court's decision to award Twentieth Century Fox Parties its fees for the prior summary judgment appeal.

B

Dastar further argues that the district court erred in awarding non-taxable costs under § 505 because only costs specified as taxable costs in 28 U.S.C. § 1920 can be included in an attorneys' fee award. On this final point we again disagree with Dastar. Section 505 provides that "the court in its discretion may allow the recovery of full costs by or against any party . . . ." 17 U.S.C. § 505. Section 1920, however, limits the costs taxable against the losing party, enumerating five categories of costs that may be awarded. 28 U.S.C. § 1920

In *Crawford Fitting Co. v. J.T. Gibbons, Inc.*, 482 U.S. 437, 445, 107 S. Ct. 2494, 96 L. Ed. 2d 385 (1987), the Supreme Court considered the power of the federal courts to require a losing party to pay the compensation of the winning party's expert witness. Holding that costs taxable under Fed. R. Civ. P. 54(d) are limited to those set forth in 28 U.S.C. §§ 1920 and 1821, the Supreme Court explained that "any argument that a federal court is empowered to exceed the limitations explicitly set out in §§ 1920 and 1821 without plain evidence of congressional intent to supersede those sections ignores our longstanding practice of construing statutes *in pari materia*." *Crawford Fitting*, 482 U.S. at 445.

While we have not considered the question, our brethren who have addressed the issue are split. In *Pinkham v. Camex, Inc.*, 84 F.3d 292 (8th Cir. 1996), for example, the Eighth Circuit concluded that § 505 did not clearly evidence congressional intent that it exceeded the scope of costs authorized by § 1920. *Id.* at 295; *see also Artisan Contractors Ass'n, of Am., Inc. v. Frontier Ins. Co.*, 275 F.3d 1038, 1039-40 (11th Cir. 2001). On the other hand, the Seventh Circuit has suggested that non-taxable costs, outside

e gambit of those available under § 1920, may be awarded der § 505. *Susan Wakeen Doll Co. v. Ashton-Drake alleries*, 272 F.3d 441, 458 (7th Cir. 2001) ("Any award of es and non-taxable costs must come through [§ 505], and not rough the general cost provisions of 28 U.S.C. § 1920."); *e also Invessys, Inc. v. McGraw-Hill Cos., Ltd.*, 369 F.3d , 22 (1st Cir. 2003) (holding that costs of electronic legal search, costs not enumerated as taxable under § 1920, are vertheless reimbursable under § 505); *Coles v. Wonder*, 283 3d 798, 803 (6th Cir. 2002) (affirming award of non-taxable sts under § 505 without discussion).

Crawford Fitting instructs us to carefully inspect § 505 for ear-evidence of congressional intent that non-taxable costs ould be available. We respectfully disagree with those cuits who have concluded differently, but we think that ere can be no other import to the phrase "full costs" within 505. Construing § 505 as limiting the costs that may be arded to any particular subset of taxable costs effectively ds the word "full" out of the statute. We must give every rd in a statute meaning. To do otherwise would be to late the long standing principle of statute interpretation that atutes should not be construed to make surplusage of any vision." *Northwest Forest Res. Council v. Glickman*, 82 3d 825, 834 (9th Cir. 1996) (internal alteration omitted). us, we hold that district courts may award otherwise non- able costs, including those that lie outside the scope of 920, under § 505.

FFIRMED.

SSENT: D.W. NELSON, Circuit Judge, dissenting:

I respectfully dissent from the opinion of my colleagues. lo not agree that Eisenhower and Doubleday intended

Crusade in Europe to be a "work-for-hire" under the 1909 Copyright Act. Given the state of copyright law at the time that Eisenhower and Doubleday entered their agreement, I do not believe the parties intended that the work be "for hire" as that term was then understood. Furthermore, the contract between Eisenhower and Doubleday, the tax treatment that Eisenhower received for the manuscript, and the evidence in the record that several publishers were offered the opportunity to compete for the right to publish Eisenhower's manuscript point to one conclusion only: that Eisenhower sold Doubleday a *product*, not his *services*. Thus, I conclude that *Crusade in Europe* was not written as a work for hire, and accordingly would reverse the district court judgment in favor of Doubleday.

As the majority explains, the 1909 Copyright Act does not contain a definition for the term "work-for-hire." *See* Majority Op. at 15377. The majority describes how courts have developed the doctrine establishing the meaning of the term, and how that doctrine has evolved to encompass a broader range of employment relationships. *Id.* at 15377. As the majority acknowledges, this court-made doctrine initially held that only works created by traditional "employees" fell under the "work for hire" doctrine. *Id*; *see also Cmty for Creative Non-Violence v. Reid*, 490 U.S. 730, 749, 109 S. Ct. 2166, 104 L. Ed. 2d 811 (1989) ("*CCNV*"), *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 206 F.3d 1322, 1327 (9th Cir. 2000). It was not until the 1960s that this Circuit for the first time included work created by independent contractors in the scope of the "work for hire" doctrine. *CCNV*, 490 U.S. at 749; *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 300 (9th Cir. 1965). The presumption that a given work is "for hire" is simply that -- a presumption, "based on the presumed mutual intent of the parties." *May v. Morganelli-Heumann & Assocs.*, 618 F.2d

1363, 1368 (9th Cir. 1980). I conclude that as the law stood in 1948, it is unlikely that either party to the transaction viewed the sale of *Crusade in Europe* to Doubleday as the creation of a work for hire. No one has suggested that in 1948, when Eisenhower entered his deal with Doubleday, he was in a traditional employment relationship with Doubleday. Yet the law governing "work for hire" in 1948 extended only to such relationships. Thus, I fail to see how the majority can conclude that the parties intended the work to be "for hire" when that doctrine was understood to encompass only works created by employees.

Furthermore, in making its factual findings, the district court relied heavily on documents and testimony addressing Eisenhower's and Doubleday's hindsight reconstruction of the events, to the exclusion of other evidence in the record that cast the events in a different light. For instance, the record contains evidence that Eisenhower had been seeking a publisher prior to his meeting with Doubleday, such as notes by Robinson (of the *Tribune*), indicating that Eisenhower was looking for a publisher (as opposed to Doubleday looking for an author), as well as evidence that other publishers were offering to buy Eisenhower's manuscript. The record also contains evidence in the form of correspondence with Dick Simon of Simon & Schuster that reveals that Eisenhower had made initial attempts to write his memoirs over a year before his meeting with Robinson. The record shows that in 1947, Eisenhower wrote to his wife in order to convey his papers in the event of his death, revealing that Eisenhower had long contemplated that his writings could be lucrative and take care of his family's financial needs. It is hardly as clear that "Eisenhower would not have written the work without the urging of Doubleday and *Tribune*," as the majority appears to indicate. Majority opinion at 15384.

The majority simply defers to the district court's interpretation of the facts. But the district court selectively relied on after-the-fact recollections and the testimony of a witness who was not even employed at Doubleday during the negotiations with Eisenhower. In my opinion, this reliance resulted in a lopsided view of the facts that is overly influenced by the way the parties viewed the events many years down the road, once the significance of the events was clear in the parties' minds. I cannot arrive at the majority's conclusion about the parties' intentions without disregarding significant evidence in the record, and I have no reason to assume that the evidence that has been disregarded is any less reliable than the evidence that the district court relied upon.

The majority concludes that neither the contract for the sale of *Crusade in Europe* nor the tax treatment of the income that Eisenhower received rebuts the presumption that the parties intended to create a work for hire. Majority Opinion at 15384-87. Here, again I must part ways with my colleagues. I cannot read the contract for the manuscript's sale without concluding that it clearly provided for the sale of publication rights, an action that is completely at odds with the idea that the book had been created "for hire."

The contract states: "I hereby sell, assign, transfer and set over unto Doubleday . . . for its own use, absolutely and forever, the manuscript of my War Memoir entitled CRUSADE IN EUROPE, and all rights of every nature pertaining thereto." The explicit terms of the contract reveal that Eisenhower had the right, at the time of the transaction, to sell his copyright interest in the work to Doubleday. The contract thus reflects a transfer of Eisenhower's common law copyright interest to Doubleday. *See, e.g., Urantia Found'n v. Maaherra*, 114 F 3d 955, 960 (9th Cir. 1997) ("Under the 1909 Copyright Act, an unpublished work was protected by

common law copyright from the moment it was created . . .") (citation omitted). However, if *Crusade in Europe* were a work for hire, the copyright would have vested in Doubleday from the moment it was created. *See, e.g., Dolman*, 157 F.3d at 713. In *Dolman*, we considered the copyright to songs created by Roy Shield, who was an employee of Victor Talking Machine. 157 F.3d at 710. The composer assigned his copyright in the songs to Southern Music Publishing Company, the publishing arm of Victor. *Id.* We concluded that the assignment of the copyright rebutted the presumption that the employee's work was for hire. "Had the works been intended to be works for hire for Victor, there would have been no reason for Southern to accept an invalid assignment of rights from Shield, knowing that its parent company already owned those rights." *Id.* at 713. This sentiment is equally relevant here -- why would Eisenhower transfer his copyright to Doubleday if it was already in Doubleday's name by virtue of its status as being created at Doubleday's "instance and expense"?[1] If the oral agreement of the parties was intended to transfer ownership of the manuscript to the Doubleday prior to its completion, the signed agreement would have no purpose. Eisenhower would have had nothing to convey to Doubleday: he would have conveyed the rights to the manuscript by virtue of its creation as a "work for hire." I conclude that the contract on its face rebuts the presumption that the parties intended the work to be for hire.

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[1] The majority attempts to distinguish *Dolman* by pointing out that in that case, the assignee of the copyrights named the composer as the author in copyright registrations. Majority opinion at 15387 n.4. I fail to see how that fact is relevant, and note that in this case, Doubleday specified that Eisenhower was the author of the work on its initial copyright registration. Doubleday did not indicate that the work was "for hire" until it filed a copyright renewal in 1975.

Similarly, I am not persuaded by the majority's analysis of the tax treatment of the proceeds of the sale of *Crusade in Europe*. In my opinion, the tax treatment that Eisenhower obtained rebuts the presumption that he was "hired" to write a book. Although tax law does not dictate the copyright status of a work, it reveals how the parties themselves viewed their employment arrangement. In this case, the income was treated as if it were derived from the sale of an asset, not from personal income. Clearly, Eisenhower was not paid by Doubleday for his writing services; he was paid by Doubleday for the end product.

I cannot look at the record in this case without concluding that these facts are far from "the prototypical situation where the motivating factor for producing the work was the employer's inducement." Majority Op. at 15381. In my mind, it is clear that Eisenhower wanted to write *Crusade in Europe*, and would have done so under the auspices of the publisher who arranged things most favorably to him. By calling *Crusade in Europe* a "work for hire," the majority establishes a standard by which nearly any work produced with the financial and logistical support of a publisher could be considered to have been produced "for hire." I do not think that such an expansive conception of the term was intended by the drafters of the 1909 Copyright Act. Therefore, I must dissent.

APPENDIX C

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV 98-7189 FMC (Ex)

[Filed November 18, 2003]

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; and NEW LINE HOME VIDEO INC., a New York Corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon Corporation; ENTERTAINMENT DISTRIBUTING, an Oregon Corporation, and MARATHON MUSIC & VIDEO, an Oregon Corporation, & VIDEO, an Oregon Corporation,

Defendants.

DASTAR CORPORATION, an Oregon Corporation,	)
Counterclaimant,	)
v.	)
TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, NEW LINE HOME VIDEO, INC., a New York Corporation, and DOUBLEDAY, a division of BANTAM DOUBLEDAY DELL PUBLISHING GROUP, INC., a corporation,	)
Counterdefendants.	)

JUDGMENT

WHEREAS, on September 2, 1998, plaintiffs Twentieth Century Fox Film Corporation, SFM Entertainment LLC, and New Line Home Video, Inc. ("plaintiffs") filed a complaint for copyright infringement against defendants Dastar Corp., Entertainment Distributing, and Marathon Music & Video ("defendants");

WHEREAS, on March 29, 1999, plaintiffs filed a first amended complaint, adding claims for infringement of Section 43(a)(1)(A) of the Lanham Act and violation of California unfair competition law;

WHEREAS, on May 28, 1999, defendants filed counterclaims for declaratory relief, intentional misrepresentation, negligent misrepresentation, unfair competition, and slander of title;

WHEREAS, on June 28, 1999, defendants filed a notice of dismissal of their counterclaims for intentional and negligent misrepresentation with prejudice;

WHEREAS, on July 6, 1999, the Court granted plaintiffs' motion to dismiss defendants' counterclaim for slander of title with prejudice and without leave to amend;

WHEREAS, on January 6, 2000, the Court granted plaintiffs' motion for summary adjudication of issues, holding that defendants violated the Copyright Act, Lanham Act, and California unfair competition law, and that defendants' remaining counterclaims for declaratory relief and unfair competition were without merit;

WHEREAS, on August 9-11, 2000, the Court conducted a bench trial concerning the remedies for defendants' infringement of plaintiffs' intellectual property rights;

WHEREAS, on August 30, 2000, the Court issued its Findings of Fact and Conclusions of Law, holding that defendants' violation of the Copyright and Lanham Acts was willful and that plaintiffs are entitled to (1) an award of $150,000 in statutory damages or $783,606.83 as defendants' profits under the Copyright Act, (2) an award of $1,567,213.66 ($783,606.83 as defendants' profits, doubled) under the Lanham Act, and (3) injunctive relief under the Copyright Act, Lanham Act, and California unfair competition law;

WHEREAS, on September 13, 2000, after plaintiffs chose statutory copyright damages to avoid double-counting profits under the Copyright and Lanham Acts, the Court entered judgment for $1,717,213.66 ($150,000 under the Copyright Act and $1,567,213.66 under the Lanham Act),

WHEREAS, on April 19, 2002, the Ninth Circuit affirmed the Court's grant of summary judgment and award of damages under the Lanham Act, but reversed the Court's grant of summary judgment and vacated the judgment on plaintiffs' copyright infringement claim on the sole ground that there was a triable issue as to whether General Eisenhower intended the *Crusade in Europe* book to be a work for hire;

WHEREAS, on October 11, 2002, the Court conducted a one-day bench trial on whether the *Crusade in Europe* book is a work for hire;

WHEREAS, on January 2, 2003, the Court entered its Findings of Fact and Conclusions of Law, holding that the *Crusade in Europe* book is a work for hire and that plaintiffs had proven all of the elements of their cause of action for copyright infringement;

WHEREAS, on June 2, 2003, the Supreme Court reversed the judgment of the Ninth Circuit solely on plaintiff's claim for infringement of Section 43(a)(1)(A) of the Lanham Act;

WHEREAS, on September 25, 2003, pursuant to the directions of the Ninth Circuit and the Supreme Court, the Court dismissed plaintiffs' claim for infringement of Section 43(a)(1)(A) of the Lanham Act with prejudice;

WHEREAS, on October 16, 2003, the Court granted defendants' motion for reconsideration of plaintiffs' California unfair competition claim;

THEREFORE, it is hereby ORDERED, ADJUDGED and DECREED that:

1. Defendants shall pay plaintiffs the amount of $100,000 in statutory damages under the Copyright Act plus post-judgment interest at the legal rate until paid;

2. Defendants are permanently enjoined from manufacturing, copying, duplicating, selling, renting, marketing, leasing, distributing, or otherwise disposing of any videocassettes that use elements of original subject matter contained in the book *Crusade in Europe* (the "Book"), including its text, structure, format, contents, sequencing, organization and tone;

3. Within 30 days of entry of Judgment, defendants shall deliver and surrender to plaintiffs all negatives, positive film prints, transcriptions, recordings, video masters and videocassettes in their possession, custody, or control that infringe on or that may have been used to infringe plaintiffs' rights under the copyrights to the Book;

4. Within 30 days of entry of Judgment, defendants shall file with the Court and serve on plaintiffs a report in writing, under oath, setting forth in detail the manner and form in which defendants have complied with the foregoing injunction;

5. Defendants shall take nothing, and their counterclaims against plaintiffs for declaratory relief, intentional misrepresentation, negligent misrepresentation, unfair

competition, and slander of title are dismissed on the merits and with prejudice;

6. Plaintiffs' claims for jnfringement of Section 43(a)(1)(A) of the Lanham Act and for violation of California unfair competition law are dismissed on the merits and with prejudice; and

7. The Court shall retain jurisdiction to enforce this Judgment and injunction.

/s/ Hon. Florence-Marie Cooper

United States District Judge

Dated: November 18, 2003

APPENDIX D

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV 98-7189 FMC (Ex)

[Filed December 30, 2002]

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; and NEW LINE HOME VIDEO INC., a New York Corporation,
Plaintiffs,

v.

DASTAR CORPORATION, an Oregon Corporation; ENTERTAINMENT DISTRIBUTING, an Oregon Corporation, and MARATHON MUSIC & VIDEO, an Oregon Corporation,
& VIDEO, an Oregon Corporation,
Defendants.

AND RELATED COUNTERCLAIMS.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

This case having come on for trial before the Court on October 11, 2002, and the Court having heard the evidence, considered the briefs and arguments of counsel, and observed the demeanor of the witness, does hereby make, pursuant to Fed. R. Civ. P. 52 and Central District Local Rule 14.3, the following Findings of Fact and Conclusions of Law:

I. Preliminary Findings

A. Procedural History

1. On September 2, 1998, plaintiffs sued defendants for copyright infringement, alleging defendants' sale of copies of plaintiffs' *Crusade in Europe* videos ("Videos"), as *Campaigns in Europe*, infringed plaintiffs' exclusive right to distribute videos based upon General Eisenhower's still-copyrighted *Crusade in Europe* book ("Book"). On March 29, 1999, plaintiffs amended their complaint, alleging additional "reverse passing off" and unfair competition claims, based on defendants' falsely taking credit for "creating" the Videos.

2. On October 22, 1999 and November 8, 1999, defendants and plaintiffs filed cross-motions for summary judgment. On January 4, 2000, the Court granted plaintiffs' motion and denied defendants'. First, the Court held that, as a matter of law, defendants infringed plaintiffs' exclusive license to the Book because (1) it was uncontroverted that "Eisenhower wrote the [B]ook ... at the 'instance and expense' of Doubleday" and Doubleday "had the right to supervise" Eisenhower's writing and, thus, Doubleday properly renewed the Book's copyright as proprietor of a work-for-hire, and (2)

defendants admitted copying footage containing "significant portions of the Book" to create *Campaigns*. Second, the Court held that defendants violated the Lanham Act and unfair competition law. Applying this Circuit's "reverse passing off" test, it concluded that uncontroverted evidence showed defendants: (1) "bodily appropriat[ed]" plaintiffs' work, having "admit[ted] that they copied the entire *Crusade in Europe* series to create *Campaigns*," except for "minor changes," and (2) falsely identified themselves as *Campaigns*' sole producers, when others created, restored and/or distributed the work.

3. Beginning August 9, 2000, the Court conducted a three-day bench trial on remedies. On August 29, 2000, the Court issued detailed findings of fact and conclusions of law ("Prior Findings") holding that defendants willfully violated the Copyright and Lanham Acts and plaintiffs were entitled to (1) $150,000 in statutory damages *or* $783,606 as defendants' profits under the Copyright Act, (2) $1,567,213.66 under the Lanham Act ($783,606.83 in profits, doubled under 15 U.S.C. § 1117(a)), and (3) injunctive relief. To avoid double-counting profits under the Copyright and Lanham Acts, plaintiffs elected statutory copyright damages. Accordingly, the Court entered judgment for $1,717,213.66 ($150,000 under the Copyright Act and $1,567,213.66 under the Lanham Act).

4. On September 28, 2000, defendants appealed the Court's summary judgment decision and award of damages. The sole ground on which defendants sought to overturn the Court's finding of copyright infringement related to the alleged invalidity of the Book's renewal copyright, *i.e.*, whether the Book was properly renewed by Doubleday as a work for hire. Defendants did not appeal the Court's findings that plaintiffs had standing to sue as the exclusive licensee

and sublicensees under Doubleday's copyright to the Book (chain of title) and that plaintiffs copied significant portions of the Book to produce Campaigns.

5. On April 19, 2002, the Ninth Circuit affirmed the Court's grant of summary judgment and award of damages under the Lanham Act, but reversed the Court's grant of summary judgment on plaintiffs' copyright infringement claim. The sole basis of the Ninth Circuit's reversal was its conclusion that there was "a triable issue as to whether [General Eisenhower] intended the book to be a work for hire." The Ninth Circuit concluded: "Because [q]uestions involving a person's state of mind... are generally factual issues inappropriate for resolution by summary judgment [citation], we reverse the district court's summary judgment for [plaintiffs] on the copyright infringement claim and remand for trial."

B. Trial

6. On October 11, 2002, the Court conducted a one-day bench trial on whether the Book is a work for hire. Plaintiffs called one witness, Samuel Vaughan, who worked at Doubleday -- the Book's publisher -- and its successor, Random House, for fifty years.

7. Mr. Vaughan first began working at Doubleday in 1952. (10-11-02 Trial Transcript "Tr." 5:15-16.) He rose through the ranks of Doubleday from his initial years in sales and advertising to positions as Senior Editor and Executive Editor. (Tr. 6:9-18.) Mr. Vaughan then served as the President and Publisher of Doubleday for twelve years, and finally became the company's Editor-In-Chief. (Tr. 6:19-7:2.) Over his fifty-year career in publishing, Mr. Vaughan

has edited hundreds of books, specializing in books concerning politics and public figures. (Tr. 7:3-24.)

8. Mr. Vaughan served as an editor on books written by General Eisenhower and other members of his family. Mr. Vaughan worked directly with General Eisenhower on his presidential memoirs, a six-year, two-volume project detailing his two terms in the White House. (Tr. 13:5-16.) Mr. Vaughan was the day-to-day editor on the project under the supervision of Ken McCormack, who had previously been the principle editor on the Book. (Tr. 12:1-7, 13:17-18.) In editing *The White House Years*, Mr. Vaughan not only worked directly with General Eisenhower, but also with his son, John Eisenhower, who also was employed as an editor by Doubleday to work on his father's book. (Tr. 13:19-25.) Mr. Vaughan also edited General Eisenhower's subsequent autobiographical book, *At Ease: Stories I Tell My Friends*. (Tr. 14:16-15:3.) Mr. Vaughan went on to be the supervising editor of *Strictly Personal*, the memoir by John Eisenhower of his life to date. (Tr. 15:4-15.) Mr. Vaughan also edited two books about politics by Milton Eisenhower, General Eisenhower's late brother. One book was titled, *The President Is Calling*, and was about assisting presidents from outside the White House. (Tr. 16:15-23.)

9. In addition to working directly with General Eisenhower and members of his family, Mr. Vaughan also worked directly for many years with Doug Black, the former President of Doubleday, and Mr. McCormack. (Tr. 9:13-13:4.) Mr. McCormack, in particular, was Mr. Vaughan's mentor and they worked together on dozens of books. (Tr. 12:11-13.)

10. As Mr. Vaughan said, he had "endless" discussions about the Book with General Eisenhower, John Eisenhower,

Milton Eisenhower, Black, McCormick, and others at Doubleday. (Tr. 17:19-18:2.) Mr. Vaughan testified in particular that he needed to be briefed on the background of the book as he was about to be assigned to edit *The White House Years*. (Tr. 21:23-22:1.) Moreover, he discussed the Book a great deal with General Eisenhower in the context of their work on *At Ease*, which referred in some detail to the origin and creation of the Book. (Tr. 21:11-16.)

11. Mr. Vaughan testified that no one who directly worked on the Book is still alive. (Tr. 16:24-17:5.) Mr. Vaughn was in an excellent position to testify to his knowledge concerning the events surrounding the Book's creation. (Tr. 10:4-9.) The Court believes Mr. Vaughan has sufficient personal knowledge and foundation for his testimony about the Book and its origin, based on his close working relationships with Doubleday executives, General Eisenhower and members of the Eisenhower family. The Court finds that Mr. Vaughan is a credible witness, and his testimony concerning the Book was reliable and trustworthy.

12. Defendants called no witnesses at trial.

13. The parties presented closing arguments at trial, and submitted post-trial briefs on December 13, 2002.

C. Parties

14. Plaintiff Twentieth Century Fox Film Corporation ("Fox") is a Delaware corporation having offices and a principal place of business in Los Angeles, California. (August 29, 2000 Finding of Fact No. 1)

15. Plaintiff SFM Entertainment LLC ("SFM") is a Delaware limited liability company having offices and a

principal place of business in New York, New York. (August 29, 2000 Finding of Fact No. 2)

16. Plaintiff New Line Home Video, Inc. ("New Line") is a New York corporation having offices and a principal place of business in New York, New York. (August 29, 2000 Finding of Fact No. 3)

17. Defendant Dastar Corp. ("Dastar") is an Oregon corporation with its principal place of business located in Eugene, Oregon. (August 29, 2000 Finding of Fact No. 4)

18. Defendant Marathon Music & Video is an Oregon corporation with its principal place of business located in Eugene, Oregon. (August 29, 2000 Finding of Fact No. 5)

19. Defendant Entertainment Distributing is an Oregon corporation with its principal place of business located in Eugene, Oregon. (August 29, 2000 Finding of Fact No. 6)

II. Evidentiary Findings

20. Because the parties' evidentiary objections bear upon the Findings of Fact in Part III and the Conclusions of Law in Part IV, the Court makes its evidentiary findings in a separate order pled concurrently herewith.

III. Findings of Fact On The Book's Work For Hire Status

A. Eisenhower Decided to Write An Account of His Experiences During World War II At Doubleday's "Instance"

21. General Eisenhower was appointed commander of U.S. troops in Europe during World War II (the "War"), and later became Supreme Commander of the Allied Expeditionary Forces. (August 29, 2000 Finding of Fact No. 7)

22. Because of his extraordinary leadership roles, General Eisenhower's perceptions and view of the War were of unique historic importance. (January 6, 2000 Court Order Granting Summary Judgment ("January 6 Order") at 13; August 29, 2000 Finding of Fact No. 8.)

23. As a result, for years, many book publishers courted General Eisenhower, trying to persuade him to capture his unique perspective in a book about the War. (Exhs. 300-2, 302-1, -3, -5, -7, -9.)

24. Time after time, General Eisenhower rejected their offers. (Exhs. 300-2, 302-4, -6, -8, -10 to -13.)[1]

25. Eisenhower continued to spurn all book offers until Doubleday and *The New York Herald Tribune* ("*Tribune*") were able to change his mind. With the help of William Robinson ("Robinson"), Vice President of *Tribune* (which wanted to serialize excerpts of General Eisenhower's memoirs), Douglas Black ("Black"), President of Doubleday, persuaded Gen. Eisenhower to agree to write his personal account of the War. (Tr. 19:15 - 22:1; Exhs. 300-2, -3; 301.)

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[1] All citations to exhibits refer to the parties' designated trial exhibits unless otherwise noted.

26. Robinson and Black informed Gen. Eisenhower that books about the War containing inaccuracies had already begun to appear. (Tr. 19:15-22:1; Exh. 300-2, -3.)

27. Doubleday and *Tribune* appealed to Eisenhower's sense of history, emphasizing that as the Allies' commander, only he could tell people what really happened and prevent others from distorting the truth about the War. (Tr. 19:15-22:1; Exhs. 300-2, -3; 301.)

28. In *At Ease*, General Eisenhower unambiguously credited Black's and Robinson's pitch as convincing him to write the Book, when all other publishers before them had failed:

> Many months before I left the Army, I was approached by representatives of various publishing houses, each with a different reason for wanting to publish my memoirs of the war. To all of these proposals I turned a deaf ear.
>
> Many of the publishing proposals were purely financial.... [M]oney alone had no temptation. I continued to turn down all proposals .... But finally two men, Douglas M. Black of Doubleday, and William Robinson, of the *New York Herald Tribune*, came to me with a different kind of argument. Roughly it went like this:
>
> Historians, they said, are often inclined to use contemporary accounts as source material. Books about entire wars and whole campaigns written by authors who were not necessarily participants are frequently used as main sources, or, in fact, sole sources unless there are extant accounts by

participants that differ in important facts and conclusions. They showed me, or reminded me of, a number of books which had been written hurriedly, so as not to "miss the market." Certain of these books on the African and European campaigns were riddled with inaccuracies. They contained conclusions that had slight basis in fact and were the hasty conceptions or misconceptions of authors who had a flair for writing rapidly and fluently. Mr. Black and Mr. Robinson, who were functioning as partners for the proposal, pointed out errors in these publications and said that since these were written during my lifetime and were not denied or corrected by me, the historians of the future might give them a high degree of credibility. "You owe it to yourself, to the country, and to history, to tell the personal story of your European campaigns on a factual basis, annotating the book as well as you can. It can serve as a better picture of what was done in your theater and by your headquarters than other, sometimes biased or prejudiced, reports."

This reasoning impressed me. After I thought it over for a time, they came back and I said, "I'm ready to undertake this task but on one condition only: it seems to me that every time the subject is brought up, people talk about all the various kinds of publishing rights and so on and I don't want to be bothered with such things. Now if you people can come up with a single package to cover the whole affair so that I don't have to argue with too many people, I will probably undertake something." (Exh. 300-2, -3.)

29. General Eisenhower's son, John, confirmed his father's recollection that Doubleday motivated him to write the Book:

> Dad had at first shown minimal interest in writing *Crusade in Europe*, considering it an exploitation of the work and sacrifices of others. However, when book after book about World War II came out, most of them full of inaccuracies, Douglas M. Black, president and chairman of Doubleday and company, convinced him that it was up to him to set the record straight.

(Exh. 301).

30. General Eisenhower's long-time friend and aide, Arthur Nevins, explained that he received a letter from Eisenhower asking him to work on the Book only after Doubleday came onto the scene: "I got a letter from General Eisenhower saying that he had been requested by Doubleday to write a book on his memoirs and he would do so if I would come and help him with the factual statements." (Exh. 306-2, -3.)

31. Like other prominent figures, General Eisenhower had considered making public his unique perspectives and jotted down some thoughts to assess whether he had anything worth communicating, but he had not committed to writing his memoirs until persuaded by Doubleday and *Tribune*. (Exhs. 300-2, -3, 301; Tr. 19:15-22:1.) For example, in 1945, he previously "tried to draft a bit of narrative just to satisfy [him]self that [he] had something to say that was worth hearing," but, at that time, he had "not convinced [him]self of this at all." (Exh. 413.) The following year, he told a friend that he had only "a vague feeling" that he might write about the War, as he was "still far from having developed

any specific plan to that effect." (Exh. 431.) Any dabbling with writing was strictly an "experiment" because he was "still so uncertain as to whether [he] will ever attempt anything of this kind." (Exh. 432.) While he jotted down "occasionally a bit of narrative," he did so "more as a protection to [him]self in the event [he] ever did want to write, than as the expression of any intent" of doing so. (Exh. 434.) Thus, the Court finds that while Eisenhower understandably gave consideration to chronicling his War experience after so many requests (Exhs. 437, 441), there is insufficient evidence that he actually decided to write until Doubleday and *Tribune* convinced him of doing so. (Exhs. 302-10 to-13; 442; 443; 444; 300-2, -3; 301; Tr. 19:15-22:1.)

B. Eisenhower Agreed To Write The Book For Doubleday In December 1947

32. General Eisenhower, *Tribune's* Robinson, Black and McCormick of Doubleday, and Eisenhower's lawyer, Donald Richberg, met in Washington, D.C., on December 30, 1947. (Exhs. 308-8, 309-6, 310-6, 669-5.)

33. Before heading to Washington, D.C. for this trip, Black and Robinson had "decided to make [an] offer" to Eisenhower for his War memoirs. (Exh. 669-5.)

34. At the meeting, Black and Robinson told Eisenhower "what we had in mind, and he said he thought that that was very fair." (Exh. 669-6.) After Richberg joined the meeting, Eisenhower first asked his attorney if he could put their deal in writing, but then said "Well, I don't much care. I'm not going to sue anybody." (Exh. 669-7.)

35. General Eisenhower then accepted their terms with a handshake. (Exh. 669-7.) Black said "that was the only contract or agreement we had." (Exh. 669-7.)

36. In his December 30, 1947 calendar entry, Robinson wrote (in quotes): "closed deal re: book and serialization." (Exh. 308-8.) Robinson's view did not change over time. In a memo written many years later - in an exhibit put forth by defendants -- Robinson recalled that "an oral agreement was made." (Exh. 675-6.)

37. Likewise, in a December 31, 1947 letter just one day after the big meeting, Eisenhower informed his friend, Joseph Davies, that "all is settled on a 'gentleman's agreement' basis." (Exh. 322.) In the same letter, Eisenhower explained that his attorney was talking to the Treasury to determine whether his agreement could be put in a writing that would not jeopardize the favorable tax treatment he was seeking for the Book. (Exh. 322.)

38. Just two days later, in a January 2, 1948 letter to Eisenhower, Robinson told him that he was proud of their deal: "I feel honored, as does the whole paper, that it is our good fortune to have the privilege of doing the job." (Exh. 339.)

39. Others affiliated with Eisenhower, *Tribune*, and Doubleday similarly made statements reflecting that Eisenhower reached an agreement with Doubleday by January 1948, despite the parties' decision not to put it in writing at that time for tax reasons. For example, in a January 13, 1948 letter to a potential syndicator, a *Tribune* employee wrote that "a firm arrangement is in existence whereby Doubleday and Company will publishing General Eisenhower's forthcoming book, and the world rights for

newspaper syndication will be handled by us." (Exh. 328-1.) A February 2, 1948 memo from McCormick to Robinson stated that "[t]he Book will be published by Doubleday & Company, Inc." (Exh. 329), and an April 29, 1948 memo similarly proclaimed that "*Crusade in Europe* is a great book and one Doubleday & Company is privileged to publish." (Exh. 333-3.) In the same vein, two February 1948 letters from an aide to Eisenhower to international publishers referred to Doubleday as "designated publisher" (Exhs. 330 and 331), and another letter stated that "Doubleday... will publish the Memoir." (Exh. 332.) Doubleday's publication of the Book similarly was described as a certainty in a May 15, 1948 story in *Tribune* (Exh. 335), in a May 28, 1948 letter from McCormick to someone who McCormick solicited for quotes to use in promoting the Book (Exh. 336), and in a May 29, 1948 letter between *Tribune* employees. (Exh. 337.)

C. Tax Treatment of Eisenhower's Income From the Book

40. Shortly before agreeing to write the Book for Doubleday, General Eisenhower contacted the IRS to inquire how it would regard his relationship with "[c]ertain publishers... for tax purposes." (Exhs. 311, 322.)

41. In determining whether Eisenhower's Book income was entitled to capital gains treatment, the IRS focused exclusively on then-section 117 of the Internal Revenue Code ("I.R.C."), which considered only whether Eisenhower was a first-time author, and the amount of time between when Eisenhower completed the manuscript and when he put his deal with his publisher into writing. (Exhs. 312, 315.)

42. The IRS limited its analysis to how it viewed the Book "for tax purposes." (Exhs. 312, 320-1.)

43. The IRS did not analyze whether the Book was prepared at Doubleday's "instance and expense," or whether Doubleday had the right to supervise or control Eisenhower's work. In fact, the IRS did not address the Book's copyright at all. (Exhs. 312, 315.)

44. The IRS informed Eisenhower that the income from the Book would be taxable at a reduced, long-term capital gain rate only if his book contract was executed more than six months after he finished the manuscript. (Exhs. 312, 315.)

45. Therefore, the timing of Doubleday's *written* agreement with Eisenhower was not an accident. Because Eisenhower finished his first draft on approximately March 24, 1948 (Exhs. 345-10, 351), he could not put his agreement with Doubleday in writing until approximately September 24, 1948 to obtain favorable tax treatment. Eisenhower complied with the IRS' requirements and finally memorialized his prior agreement on October 1, 1948, just days after the six-month waiting period expired. (Exh. 625-2.)

46. In order to adhere to the strict standards for capital gains treatment, Doubleday and Eisenhower were sensitive not to put anything about their agreement in writing before the end of the IRS-mandated period. For example, in March 1948, when Nelson Doubleday wrote General Eisenhower to express how pleased he was that Doubleday was going to publish the Book, he innocently referred to their agreement as a "contract." (Exh. 326.) Days later, to comply with the tax code, Eisenhower wrote back stating that there was "no contract for the publication of the Book." (Exh. 490.)

However, even in that same letter, Eisenhower signaled that he nevertheless had an agreement in place with Doubleday, as he told Nelson Doubleday that "at any time subsequent to six months,... I shall be prepared to enter into a contract with the Company without regard to what any other publishing house might propose in the interim." (Exh. 490.)

47. For the same reason -- to comply with IRS formalities -- Eisenhower wrote Doubleday on March 24, 1948 that he finished a first draft of the manuscript and that he would enter into an arrangement with the company for its publication if he was satisfied that Doubleday had verified the Book's facts and he felt comfortable with Doubleday's promotion campaign. (Exh. 491.) Mr. Black was at Eisenhower's office at the Pentagon when Eisenhower wrote that letter, "which was then brought out and read." (Exh. 669-10.) When Eisenhower got to the part about "enter[ing] into an arrangement for us to publish it," Eisenhower told Black, "I just put that in to make it seem circumstantial." (Exh. 669-10.) None of this came as any surprise to Mr. Black, because he "had in mind that the arrangement could not be completed for six months after the manuscript was completed, in order to qualify for capital gains." (Exh. 669-10.)

48. The IRS also conditioned capital gains treatment of Eisenhower's Book income on Eisenhower "not retain[ing] any control over the use of the completed manuscript." (Exh. 315.)

49. Accordingly, in his December 1948 closing agreement with the IRS, General Eisenhower covenanted that he had conveyed to Doubleday "forever. all rights of every nature pertaining" to the Book. (Exh. 320-1.)

50. The amount of Doubleday's and *Tribune's* payment under the parties' written agreement was the same consideration that the parties agreed to in December 1947. (Exhs. 320, 307, 669-6).

D. Eisenhower's Writing Of The Book

51. Although the precise date on which Eisenhower began writing the Book's manuscript is unclear, the Court finds that Eisenhower began writing the Book *after* he reached an agreement with Doubleday and *Tribune* on December 30, 1947. (Exhs. 300-4, -5, -6; 347-4, 5; 473; 475; 479; 507-7, -9; Tr. 25:15-26:2, 43:21-45:1.)

52. Although General Eisenhower used notes made throughout the War "to jog and reinforce his memory," he otherwise wrote from scratch because he thought only things he could remember off the top of his head would be of sufficient interest to warrant being included in the Book. As he stated in *At Ease*:

> Word War II was not far in the past and my memory concerning details was fresh. It was my belief that in a personal memoir, only those things should be dealt with that were of such importance that I could not possibly have forgotten them. I did however, need the dates and other details from the documents. (Exh. 300-4, -5.)

53. After deciding to begin the Book with the Nazis' surrender at Rheims, he "rapidly produced the first draft, ... hand[ing] each chapter to [his] researcher as he wrote it." (Tr. 300-5.)

54. In writing the Book, Eisenhower recalled that he "habitually arose at six" and "worked approximately sixteen hours a day,... dictating or correcting old drafts until something like 11:00 at night." (Exh. 300-5; Tr. 25:15-26:2, 43:21-44:4.) He "kept three secretaries busy" while he was writing. (Exh. 300-5.)

55. His publisher, Mr. Black, also recalled how General Eisenhower wrote the Book once he reached an agreement with Doubleday:

> It might be interesting to throw in how the book was written. He wrote a good deal of it longhand, and then, within a day or two, we got a good stenographer named Douglas Wallop who is known to a lot of people as the fellow who wrote "The Day the Yankees Lost the Pennant." He's a man with some talent aside from being a crack stenographer. The routine was that the President would dictate in the morning, the stuff would be transcribed, and after one day at least, he could revise in the afternoon and on into the evening. And he worked steadily on that drill until the end of March. Now, he was working merely from recollection, on stuff which was fairly clear in his mind. He always said he wanted to write about what he knew and nothing else. I don't mean knew because he'd been there when it happened, but the things that came to his attention, and that he knew about, rather than just a grandiose picture of the whole panorama. He said, "A lot of people are writing stories about this war. Corps commanders are writing books about the war. I want to put down what I knew about it, and the circumstances of each one of them." (Exh. 507-9.)

56. General Eisenhower sent drafts to Doubleday, section by section as he wrote them, for the editorial team's review and commentary. (Exhs. 300-5, 473, 479, 347-4, -5.)

E. The Book Was Written at Doubleday's Expense

57. Eisenhower received a one-time lump sum of $635,000 for writing the Book instead of ongoing royalties. (Exh. 320-1; Tr. 34:15-23.)

58. Mr. Vaughan testified that the payment of a lump sum was unusual and that he was unaware of any instance where Doubleday had paid a lump sum for a book that was not a work for hire. (Tr. 36:10-13.)

59. Eisenhower was paid only a guarantee against royalties for both *The White House Years* and *At Ease;* in both cases, the books' copyrights were registered in his name, not in Doubleday's. (Tr. 36:25-38:14.) *The White House Years* also was renewed in Eisenhower's name rather than as a work for hire. (Tr. 37:13-38:1; Exh. 398.)

60. When a publisher makes a large lump sum payment to a writer as Doubleday did here, the publisher bears the entire financial risk of the project. If the book sells poorly, the publisher cannot recoup what it paid to the writer (in contrast to payment by royalties where, except for the guarantee, the writer is not paid unless the book sells. (Tr. 36:1-9.)

61. In addition to paying Eisenhower his flat fee for the Book, Doubleday paid the Book's secretarial and editorial expenses. *(Exhs. 367, 368; Tr. 32:16-21; 33:1-3.)*

62. Doubleday also hired and paid for fact-checkers to ensure the Book's accuracy. (Exhs. 360, 361, 362.)

63. Doubleday arranged and paid for the creation of the Book's maps. (Exhs. 363, 380, 381.)

64. Doubleday arranged and paid for the Book's photographs. (Exhs. 364, 365, 366, 379.)

65. There is no evidence that Eisenhower paid a single expense associated with the Book.

F. Doubleday Had The Right to Supervise And Control General Eisenhower's Work On The Book

66. Doubleday was in "constant consultation" with Eisenhower as he was writing the Book. (Exh. 348-1.)

67. On January 2, 1948, just two days after General Eisenhower agreed to write the Book for Doubleday, Robinson told General Eisenhower that it was "McCormick's function, as Doubleday editor, to supervise the necessary work in connection with the preparation of the manuscript." (Exh. 339-1.)

68. Gen. Eisenhower had regular meetings with the Doubleday editorial team while writing the Book. (Exhs. 300-5; 345; 346-2, Tr. 26:3-13.)

69. This degree of in-person supervision was much greater than what Doubleday usually did for other works. As Mr. Vaughan testified: "What would have been typical would be to wait for the manuscript to be completed and then judge it as a whole and then have a couple of sessions or a couple of exchanges of letters discussing possible improvement. But to

sit in the room and watch it as it came out was very difficult because it's hard to edit a book that is not complete. You can't tell what the ending is. . . . But they did it." (Tr. 26:19-27:1.)

70. In addition to face-to-face meetings with Eisenhower, Doubleday's editorial provided extensive notes and comments as Eisenhower wrote the first draft of the Book (Exhs. 340, 341, 342, 343, 344, 347, 349, 350) and throughout the rest of 1948. (Exhs. 352, 353, 354, 355, 357, 359.)

71. Arthur Nevins, the fact checker hired and paid by Doubleday, also offered suggestions for modifications and additions to Eisenhower where the original draft did not conform with historical facts. (Exhs. 306, 360, 361.)

72. Mr. Vaughan testified that Doubleday did "far more" fact-checking of *Crusade* "than in the case of the average book." (Tr. 33:22-24.) Doubleday's extensive fact checking was consistent with the Book being a work for hire because, according to Mr. Vaughan, a work-for-hire publisher must assume responsibility for the accuracy of books copyrighted in its name. (Tr. 34:7-14.)

73. In sum, as Mr. Vaughan testified, Doubleday's work on the Book "was a prodigious effort" and, in his fifty years of publishing, he has never seen a comparable investment in time and manpower. (Tr. 25:20, 30:13-17.)

74. Because the Book was General Eisenhower's personal story that he knew best how to tell, Doubleday often deferred to Eisenhower's view on shaping the Book's contents. As Mr. Vaughan testified, "They definitely sought the opinions of General Eisenhower. That was the point of

the book. It was to be a book from his point of view." (Tr. 31:20-22, 49:8-13, 51:12-19.) Not Mr. McCormick's and not Mr. Black's.

75. Doubleday had the right not to publish the Book if it did not want to. (Tr. 32:2-5.) Defendants did not present any live witnesses or other evidence suggesting otherwise.

G. The Parties Acted As If Doubleday Owned Rights To The Book Following Eisenhower's December 30, 1947 Agreement With Doubleday And *Tribune*

76. As described above, in January 1948, Doubleday staffed its top editor, McCormick, who traveled to Virginia on a regular basis to work with Eisenhower on the Book. (Finding of Fact Nos. 67-68.) McCormick assembled a team that provided written comments as Eisenhower wrote his first draft, and throughout the spring and summer of 1948. (Finding of Fact No. 70.)

77. Doubleday hired and paid for fact-checkers (Exhs. 360, 361), hired and paid for secretaries to work with Eisenhower around the clock (Tr. 32:16-21, 33:1-3; Exhs. 367, 368), arranged and paid for the creation of the Book's maps (Exhs. 363, 380, 381), and arranged and paid for the Book's photos. (Exhs. 364, 365, 366, 379.)

78. As early as January 26, 1948, Doubleday also developed specifications concerning the Book's price, size and publication date (Exh. 369-1), and fine-tuned those plans in May and June. (Exh. 369-2, -3.)

79. Doubleday helped select the Book's title in March 1948. (Exhs. 370, 371.)

80. Doubleday also invested heavily in time and money to promote the Book's sale throughout the Spring and Summer of 1948, long before putting its agreement with Eisenhower in writing in the fall of 1948. (Exh. 373.)

81. Doubleday also wrote detailed ad copy for the Book in June 1948 (Exhs. 374, 375), and promoted the Book's impending sale in the August issue of Doubleday Book News. (Exhs. 373-4, 377.)

82. In January 1948, Eisenhower agreed to record one of his speeches or orders to promote the Book for Doubleday. (Exh. 372-2.)

83. In February 1948, Doubleday began selling the international rights to the Book, and continued negotiating with foreign publishers throughout the spring. (Exhs. 382, 383, 384, 385, 386.)

84. Similarly, *Tribune* commenced its international syndication efforts in January 1948, and reported sales to domestic and international newspapers for hundreds of thousands of dollars in March, April and May 1948. (Exh. 387.)

85. In June 1948, Doubleday also told The Book-of-the-Month-Club that "we are going to promote this book [*Crusade*] as we have never promoted any book in recent years" after the book was selected as a featured title. (Exh. 338.)

H. Registration And Renewal Of The Book's Copyright

86. Doubleday considered the Book to be a work for hire "from the start." (Tr. 39:24-40:4.)

87. In 1948, Doubleday obtained certificates of registration for the copyrights to the Book and *Tribune* excerpts. Doubleday identified itself as copyright claimant in these registrations. (Exhs. 389, 390.)

88. In contrast, for *The White House Years* and *At Ease*, later books by General Eisenhower published by Doubleday that were *not* works for hire, Doubleday identified Eisenhower rather than itself as the initial copyright claimant. (Tr. 37:6-11, 37:24-38:14; Exh. 397.)

89. Doubleday timely renewed the copyrights to the Book and *Tribune* excerpts in 1975 as the "proprietor of copyright in a work made for hire." (Exhs. 391, 392.)

90. Again, this was in stark contrast to the manner in which were *not* works for hire; it renewed the *White House Years* in the name of John Eisenhower, the executor of the Eisenhower estate, rather than its own as work-for-hire proprietor. (Tr. 37:15-38:1; Exh. 398.) *At Ease* was renewed by operation of law. *See* Conclusion of Law 38.

91. The original copyright application for the Book did not provide a space or any instructions for a claimant to identify itself as proprietor of a work for hire, in contrast to revised forms later used by the Copyright Office. (Exhs. 389, 390, 396.)

92. There are numerous examples -- in addition to the Book's registrations -- where Doubleday did not identify itself as the proprietor of a work-for-hire in the original applications, but did so in the renewals. (Exh. 399.)

Doubleday, therefore did not have a uniform practice of identifying itself as work-for-hire proprietor in registrations of books renewed on a work-for-hire basis.

93. General Eisenhower never mentioned to Mr. Vaughan that he believed the Book's copyright should have been registered in his name rather than Doubleday's. (Tr. 40:14-17.)

94. Similarly, John Eisenhower never told Mr. Vaughan that he believed that his father's estate was entitled to renew the Book's copyright in lieu of Doubleday. (Tr. 41:5-11.) In fact, when defendants' belatedly offered to pay the Eisenhower estate for using the Book in *Campaigns* (Exh. 394), John Eisenhower refused because he did not believe his family owned any rights in the Book: "My viewpoint... is quite simple: the heirs of Dwight D. Eisenhower have no rights to any compensation for the subsequent use of... *Crusade*." (Exh. 395.)

95. Until this litigation, no one -- including the Eisenhower estate, the party who defendants claim owned the Book's renewal rights -- ever claimed ownership in or challenged Doubleday's renewal of Book's copyright. (Tr. 40:10-13, 40:18-41:3.)

IV. CONCLUSIONS OF LAW

A. The Book Is Presumptively A Work for Hire

1. The Copyright Act of 1909 (the "1909 Act") applies to this case because the Book was created before Jan. 1, 1978, the effective date of the 1976 Act. *Magnuson v. Video Yesteryear*, 85 F.3d 1424, 1427 (9th Cir. 1996).

2. In the Ninth Circuit, works are "presume[d]" to be made for hire if created "at the instance and expense of the employer (or commissioning party)." *May v. Morganelli-Heumann*, 618 F.2d 1363, 1368 n.4 (9th Cir. 1980).

1. The Book Was Prepared At Doubleday's "Instance"

3. The instance prong of the work-for-hire test is met "when the 'motivating factor in producing the work was the employer who induced the creation.'" *Self-Realization Fellowship Church v. Ananda Church of Self-Realization*, 206 F.3d 1322, 1326 (9th Cir. 2000), *cert. denied*, 531 U.S. 1126 (2001). As described in the preceding Findings of Fact, the evidence shows that General Eisenhower, his son, John, his editor, Mr. Vaughan, and others all have identified Doubleday as the motivating factor in the Book's creation.

4. The fact that Doubleday and *Tribune* worked together as partners does prevent Doubleday from being the Book's motivating factor. *Picture Music v. Bourne*, 457 F.2d 1213, 1217 (2d Cir.), *cert. denied*, 409 U.S. 997 (1972).

5. The Court rejects defendants' contention that at best, Doubleday convinced General Eisenhower to publish memoirs he had long decided to write. As described in the preceding Findings of Fact, although Eisenhower had considered writing and had written down some thoughts to assess whether he had anything worth communicating, the Court finds that there is no evidence he *committed* to writing his memoirs until persuaded by Doubleday and *Tribune*.

6. The Court also rejects defendants argument that Doubleday could not have been the Book's motivating factor because, by that time, he actually had written the vast bulk of

the Book. Defendants had the burden of proving that the Book was "completely" or "fully developed" prior to Doubleday commissioning him to write his memoirs. *In re Marvel Entertahonent Group*, 254 B.R. 817, 832 (D.Del. 2000). *Cf. Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209, 1211 (9th Cir. 1998). Defendants failed to meet that burden.

7. Defendants failed to introduce (i) General Eisenhower's notes and memoranda, (ii) the alleged "outline" and "introductory sections" they claim Eisenhower created prior to his agreement with Doubleday, or (iii) the papers that Eisenhower allegedly described to his wife. Because these materials were not introduced into evidence, the Court cannot compare these materials to the Book to determine how much, if any, of the Book predated the Doubleday-Eisenhower relationship. This evidentiary failure is fatal to defendants' claim of a prior existing work. *Marvel*, 254 B.R. at 832.

8. Moreover, even if Eisenhower used these materials verbatim in the Book, they do not preclude Doubleday being the Book's motivating fact. The Court finds that the 478-page Book cannot be considered to have been "fully developed" before the Doubleday-Eisenhower relationship began based on a mere "outline," a few "introductory sections" and/or some notes and memoranda, even assuming that these documents ever existed. *Niss v. Columbia Pictures*, 57 U.S.P.Q.2d 1346, 1353-54 (S.D.N.Y. 2000), *aft'd*, 2002 WL 126352 (2d Cir. 2002); *Marvel*, 254 B.R. at 830-32; *Scherr v. Universal Match*, 417 F.2d 497, 409501 (2d Cir. 1969), *cert. denied*, 397 U.S. 936 (1970).

2. The Book Was Prepared At Doubleday's "Expense"

9. The "expense" element of the work-for-hire test is met where the hiring party pays the independent contractor a fixed sum for his or her work, rather than ongoing royalties. *Playboy Enterprises v. Dumas*, 53 F.3d 549, 555 (2d Cir. 1994), *cert. denied*, 516 U.S. 1010 (1995); *Niss*, 57 U.S.P.Q.2d at 1354; *Marvel*, 254 B.R. at 830; *Hogarth v. Edgar Rice Burroughs, Inc.*, 2002 WL 398696, No. 00 Civ. 9569 at *20 (S.D.N.Y. 2002). As described in the preceding Findings of Fact, the evidence shows that Eisenhower was paid such a fixed sum for his work on the Book and, therefore, the Book was prepared at Doubleday's expense. The Court finds that in return for Doubleday's assuming the financial risk of paying Eisenhower a large sum upfront, the parties to intended that Doubleday own the copyright for its entire duration (*i.e.*, including its renewal) as work-for-hire proprietor.

10. The Court's conclusion is reinforced by the fact that Eisenhower was paid a guarantee against royalties for other books that he wrote for Doubleday that were not works for hire.

11. In addition, the evidence shows that Doubleday paid the Book's secretarial and editorial expenses. This too satisfies the expense test. *Philadelphia Orchestra v. Walt Disney*, 821 F.Supp. 341, 348 (E.D.Pa. 1993).

3. Doubleday Had The Right To Control Or Supervise

12. In the Ninth Circuit, the work-for-hire test does not include an additional supervision requirement where the hiring party and creator share a traditional working relationship. The only Ninth Circuit case referring to supervision as a prerequisite for work-for-hire status is *Self Realization*, 206 F.3d at 1326-27, which concerned whether

the religious writings of a Swami monk living under a vow of poverty were created as works for hire for the church he founded. There, the court mentioned control or supervision only in the context of non-traditional relationships. Because the Swami and church did "not [have] the type of traditional relationship in which [a work-for-hire] presumption would necessarily hold," *id.* at 1327, the *Self-Realization* court applied the additional "supervision" requirement. Here, in contrast, Eisenhower and Doubleday shared a more traditional author/publisher relationship. Therefore, plaintiffs need not demonstrate supervision or control on the part of Doubleday to establish the Book's presumptive work-for-hire status. *Lin-BrookBuilders Hardware v. Gertler*, 352 F.2d 298, 300 (9th Cir. 1965); *May*, 618 F.3d at 1368 n.4.

13. However, even if there were a supervision requirement in this Circuit, finding evidence of supervision or control is "a standard that is hard not to meet." *CCNV*, 490 U.S. at 750; *see also Frontino v. Avon Products*, 197 U.S.P.Q. 713, 714 (S.D.N.Y. 1977); *Picture Music*, 457 F.2d at 1216. *CCNV v. Reid*, 490 U.S. 730, 750 (1989). *See, e.g., Frontino v. Avon Products*, 197 U.S.P.Q. 713, 714 (S.D.N.Y. 1977); *Picture Music*, 457 F.2d at 1216 (proprietor "ma[de] some revisions"). Here, as described in the preceding Findings of Fact, the evidence shows that Doubleday exercised sufficient oversight over Eisenhower's work to satisfy the supervision test applied in out-of-circuit decisions.

14. The Court rejects defendants' contention that General Eisenhower's hands-on approach and alleged micromanagement of the Book's contents precludes a finding that Doubleday had a right to supervision. As described in the preceding Findings of Fact, Doubleday's intention was for the Book to tell the story of the War from Eisenhower's

point of view. Thus, the fact that Doubleday may have delegated to Eisenhower the authority to tell his story in the manner he chose is not inconsistent with the Book's work-for-hire status. *See Hogarth*, 2002 WL 398696 at * 19; *Playboy Enterprises v. Dumas*, 960 F.Supp. 710, 719 (S.D.N.Y. 1997), *aff'd*, 159 F.3d 1347 (2d Cir. 1998).

15. The Court also disagrees with defendants' assertion that it was impossible for Doubleday to have exerted adequate control or supervision over Eisenhower because he was a revered war hero. A preeminent public figure's stature does not preclude that person from being supervised for work-for-hire purposes. *The Martha Graham School and Dance Foundation, Inc. v. Martha Graham Center of Contemporary Dance*, 224 F.Supp.2d 567, 589 (S.D.N.Y. 2002).

16. Even a total failure to supervise Eisenhower on the part of Doubleday (notwithstanding all of the evidence to the contrary), however, would not preclude work-for-hire status because, according to courts applying the control or supervision requirement, there need only be a *theoretical* right to supervise or control; actual exercise of that right is not controlling. *Marvel*, 254 B.R. at 829; *Philadelphia Orchestra*, 821 F. Supp. at 348.

17. By the time Congress adopted the 1976 Act, the hiring party was presumed to have the right to supervise whenever, as Doubleday did here, it paid for the work's creation. *Easter Seal Society v. Playboy Enterprises*, 815 F.2d 323, 327 (5th Cir. 1987), *cert. denied*, 485 U.S. 981 (1988); *Marvel*, 254 B.R. at 829; *Murray v. Gelderman*, 566 F.2d 1307, 1310-11 (5th Cir. 1978). Thus, as long as the hiring party has "the power to accept, reject, or modify [an artist's] work," the control or supervision prong is satisfied. *Hogarth*, 2002 WL 398696 at *22; *Picture Music*, 457 F.2d

at 1217. As described in the previous Findings of Fact, the unrebutted evidence shows that Doubleday had the right not to publish the Book if it did not want to.

18. In sum, the evidence shows that the Book was prepared at Doubleday's instance and expense, and that Doubleday had the right to control or supervise Eisenhower's work on the Book, which they exercised. Accordingly, the Court concludes that the Book is presumptively a work for hire

B. Defendants Have Not Rebutted The Book's Presumptive Work-For-Hire Status

19. Presumptive work-for-hire status can be rebutted only by "an express contractual reservation of the copyright in the name of the artist." *Lin-Brook Builders*, 352 F.2d at 300.

20. *Defendants* "bear[] the burden of proving... that such a contrary agreement was reached." *Dolman v. Agee*, 157 F.3d 708,712 (9th Cir. 1998).

21. Defendants claim that the Book's tax treatment, Eisenhower's written agreement with Doubleday, and the copyright registrations to the Book and other works show an implied agreement that the Book was not a work for hire. As described below, the Court disagrees and concludes that defendants have not rebutted the Book's presumptive work-for-hire status.

1. Tax Treatment Of Eisenhower's Book Income

22. Defendants contend that the taxation of Eisenhower's Book income rebuts the work-for-hire

presumption because had Doubleday owned the Book's copyright from inception as proprietor, Eisenhower purportedly could not have received capital gains treatment because he would have had no capital asset to sell.

23. However, the Court has not found in its research any case in which a court has ever decided work-for-hire status based on how the IRS taxed income generated by that work. This makes sense, since tax law and copyright law serve different policies and are governed by different statutes.

24. The Internal Revenue Code commonly attributes property ownership for tax purposes to individuals who otherwise do not have title to or ownership rights in such property. *See e.g.*, I.R.C. § 671 et seq.; I.R.C. § 318.

25. Similarly, other courts have recognized that property ownership under tax and other areas of law, including copyright, are distinct legal concepts. *See, e.g., Irving Berlin Music v. U.S.*, 487 F.2d 540, 545-46 (Ct.Cl. 1973), *cert. denied*, 419 U.S. 832 (1974); *U.S.v.D.I. Operating*, 362 F.2d 305, 308 (9th Cir. 1966); *Frederick Music v. Sickler*, 708 F.Supp. 587, 591 (S.D.N.Y. 1989). *Cf. McFeely v. CIR*, 296 U.S. 102, 107-08 (1935).

26. Defendants contend that two cases -- *Aymes v. Bonelli*, 980 F.2d 857 (2d Cir. 1992) and *Boulez v. C.I.R.*, 83 T.C. 584 (Tax Ct. 1984) -- stand for the proposition that work-for-hire status can be governed by a work's tax treatment. However, the Court finds that in neither case did the court decide that a work was or was not made for hire based on the taxation of income generated by the work, as defendants ask the Court to do here.

27. Contrary to defendants' suggestion, the *Aymes* court did not rule that the program was not a work for hire because the hiring party did not treat it for tax purposes as a work for hire. In fact, the court never discussed the tax treatment of the program. Rather, just as in any agency law case, *see, e.g., Hilton Int'l Co. v. NLRB*, 690 F.2d 318, 322 (2d Cir. 1982), the *Aymes* court looked at who paid the plaintiffs taxes as one of many factors in determining whether the plaintiff was an employee or independent contractor. Tax was not used as a surrogate for work-for-hire status. Indeed, the program very well could have been a work for hire -- under the same tax scenario -- had there simply been a written agreement satisfying Section 101(2).

28. Nor did tax treatment dictate copyright status in *Boulez*. The *Boulez* court merely looked at the copyright status of the conductor's recordings as one of multiple factors in deciding how to tax income generated from the recordings. It did not decide whether the recordings were works for hire based on the manner in which the recordings were taxed. While, based on the specific facts of *Boulez*, copyright status in part helped determine tax treatment (and, as described above, this is by no means the rule), the Court believes the inverse need not be true. Work-for-hire status depends solely on the mutual intent of the hiring party and the employee or independent contractor. *May*, 618 F.2d at 1368. The employee or independent contractor should not be able to defeat (even unintentionally) the hiring party's expectations by understandably seeking favorable tax treatment for him or herself. Once Doubleday and Eisenhower mutually agreed that he would write the Book as a work for hire, Eisenhower's unilateral statements to the IRS cannot change what Eisenhower and Doubleday previously intended. The Court's conclusion is reinforced by the fact that defendants have not pointed to a single case finding that a work's tax

treatment dictated its previously agreed-to work-for-hire status.

29. In determining whether Eisenhower's Book income was entitled to capital gains treatment, the Treasury focused only on then-section 117 of the I.R.C. -- whether Eisenhower was a first-time author, and the amount of time between when Eisenhower completed the manuscript and when he put his deal with his publisher into writing -- *not* elements relevant to copyright ownership under the 1909 Copyright Act. The key point is: the IRS did not analyze whether the Book was prepared at Doubleday's "instance and expense," the dispositive factors for work-for-hire treatment under copyright law. In fact, neither the IRS nor Eisenhower referred to the Book's copyright in their communications. Thus, the Court concludes that the Treasury's ruling that Eisenhower's Book income would be taxed at a capital gains rate was not related to or reflective of the Book's copyright status.

30. This Court's conclusion is reinforced by the fact that the Book's capital gains treatment is inconsistent with the Book *not* being a work for hire. According to defendants, because the Book was *not* a work for hire, only Eisenhower and/or his heirs had the right to the Book's renewal term. However, as described in the preceding Findings of Fact, the IRS conditioned capital gains treatment of Eisenhower's Book income on Eisenhower "not retain[ing] any control over the use of the completed manuscript." Thus, Eisenhower had to and did covenant in his closing agreement with the IRS that he had conveyed to Doubleday "*forever*... all rights of every nature pertaining" to the Book. But if Eisenhower "forever" divorced himself of "all rights" in the Book in order to have his Book income taxed as capital gains, he or his estate could not also own the Book's renewal were the Book not a work

for hire. Eisenhower could not have completely divested himself of a capital asset yet still owned part of it (the renewal) at the same time. Therefore, if property ownership under tax and copyright law is treated as being the same, as defendants contend it should be, capital gains treatment is not any more consistent with the Book *not* being a work for hire than it is with the Book being a work for hire. Accordingly, the Court concludes that the Book's tax treatment is not probative of its copyright status in this case, and defendants have failed to rebut the presumption under copyright law that the Book is a work for hire.

2. Eisenhower's Written Agreement With Doubleday

31. Defendants contend that General Eisenhower's October 1, 1948 written agreement with Doubleday also rebuts the Book's presumptive work-for-hire status. According to defendants, the Book cannot be a work for hire because Eisenhower completed his manuscript months before they executed the agreement and thus, he, not Doubleday, was the Book's initial copyright owner.

32. However, as described in the preceding Findings of Fact, the evidence shows that while Doubleday and Eisenhower delayed putting their understanding into writing until October 1, 1948 in order to comply with IRS formalities, the parties reached a binding oral agreement that Eisenhower would write the Book for Doubleday on December 30, 1947. *Canet v. Gooch Ware Travelstead*, 917 F. Supp. 969, 992 (E.D.N.Y. 1996); *In Re Frye*, 216 B.R. 166, 171 (Ed. D. Va.

1997).[2] Therefore, Doubleday was the copyright owner as work-for-hire proprietor.

33. As described in the preceding Findings of Fact, the evidence shows that almost immediately after reaching their December 30, 1947 agreement, Doubleday and General Eisenhower each began performing their obligations, with both parties acting as if Doubleday owned the Book long before they executed the IRS-required paperwork in October 1948. Doubleday would not have embarked on its massive commitment of resources if it had not already possessed Book rights prior to putting its agreement with Eisenhower in writing on October 1, 1948. Nor would Eisenhower have spent countless hours working with Doubleday's editors, agreeing to assist in promotional efforts, and writing the Book on an expedited basis at their expense unless he believed that he and Doubleday had entered into a binding agreement with respect to the Book.

34. The Court rejects defendants' contention that Doubleday had only an "expectation" that it would publish the Book prior to the October 1, 1948 writing. As described in the preceding Findings of Fact, the timing of Doubleday's written agreement with Eisenhower was dictated by tax purposes. But for copyright purposes, the evidence shows that the parties intended to be bound by their December 30, 1947 oral agreement, and acted in a manner consistent with that intent.

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[2] The Court does not need to resolve choice of law between New York (the state in which Doubleday performed the contract) and Virginia (the state in which parties reached the agreement and Eisenhower performed, *i.e.*, wrote the Book) because, to the extent the question is one of contract interpretation, both New York and Virginia enforce oral agreements.

35. Although the October 1, 1948 agreement was phrased in terms of an assignment, an assignment, "standing alone without any evidence as to the circumstances or intendment of its execution," does not rebut the work-for-hire presumption. *Lin-Brook*, 352 F.2d at 300 n.3; *Self-Realization*, 206 F.3d at 1328; *Playboy Enterprises*, 53 F.3d at 556-57; *Niss*, 57 U.S.P.Q.2d at 1355 n.14.

36. *Dolman*, 157 F.3d at 713, is distinguishable. In that case, the assignment was only one of many factors contributing to the court's conclusion that the songs were not works for hire: there was no evidence of "instance and expense"; the employer renewed the songs' copyrights *in the composer's name*, the employer contracted that if it did not promote the employee's songs, it would assign them back on demand; and the employer had "no reason" to accept a copyright assignment. *Id.* at 712-713. Here, in contrast, the Book was renewed in Doubleday's name as work-for-hire proprietor, Eisenhower acknowledged that Doubleday had "forever... all rights of every nature" (Exh. 320-1), and the timing and existence of the October 1, 1948 writing was dictated by the IRS, not copyright considerations. Therefore, the Court concludes that the phrasing of the October 1, 1948 writing as an assignment does not negate the presumption that the Book is a work for hire. *Hogarth*, 2002 WL 398696 at *23.

3. Copyright Registrations To The Book And Other Works

37. Defendants contend that the Book's copyright registration, which identifies Eisenhower as the Book's "author" and does not state that the Doubleday is an "employer for hire," rebuts the Book's work-for-hire status.

38. However, the Court concludes that both the Book's original and renewal registrations are *consistent* with the Book being a work for hire. *Picture Music*, 457 F.2d at 1214, 1217; *Hogarth*, 2002 WL 398696 at *18. As described in the preceding Findings of Fact, Doubleday listed itself as copyright *claimant*. Furthermore, when Doubleday renewed the Book's copyright in 1975, more than two decades before defendants questioned the validity of the Book's copyright, it did so expressly as proprietor of a work for hire. This was in stark contrast to *The White House Years* and *At Ease*, which were *not* works for hire. For those books, Eisenhower was listed as the initial copyright claimant, and his family was identified as the owner of the renewals. (*At Ease* was renewed by operation of law. 17 U.S.C. § 304(a).)

39. While Section 209 of the 1909 Act provides that a registration may be admitted as *prima facie* evidence of facts affirmatively stated therein, it does not require a court to accept the registration as *prima facie* evidence of facts absent from the registration.

40. Because copyright registration applications are ministerial in nature, and are often completed by non-lawyers who may be unaware of legal issues, the descriptions (or lack thereof) on registrations are entitled to little or no weight in determining work-for-hire status. *Craft v. Kobler*, 667 F.Supp. 120, 125 (S.D.N.Y. 1987); *Frost Belt International Recording v. Cold Chillin' Records*, 758 F. Supp. 131,137 n.12 (S.D.N.Y. 1990); *Urantia Foundation v. Maaherra*, 114 F.3d 955, 961-63 (9th Cir. 1997).

41. Based on Doubleday's practices and the law, the Court concludes that whether or not Doubleday identified the Book as a work for hire in the original registration has no

probative value. Accordingly, the registrations for the Book and other works do not rebut the Book's work-for-hire status.

C. The Parties Believed The Book Is A Work For Hire

42. The Court finds that the Book's work-for-hire status is corroborated by the principals' expressions about who owned the book's initial and renewal copyrights. *Muller v. Walt Disney*, 871 F.Supp. 678, 685 (S.D.N.Y. 1994); *Lin-Brook*, 352 F.2d at 300 n.3. As described in the preceding Findings of Fact, Doubleday and General Eisenhower's family always have expressed the belief and/or acted in a manner consistent with Doubleday owning the Book's renewal rights as work-for-hire proprietor.

D. The Proprietor Has The Right To Renew The Copyright To A Work For Hire That Is Authored By An Independent Contractor

43. Defendant's contend that even if the Book were a work-for hire, Doubleday's renewal was invalid because the 1909 Act's grant of renewal rights to proprietors of works for hire applied only to works prepared for traditional employers, not commissioning parties like Doubleday. The Court, however, finds that the law does not support defendants' contention.

44. The 1909 Act's renewal provision does not distinguish between works for hire created in the scope of regular employment and those specially commissioned. Section 24 of the 1909 Act states: "[I]n the case of... any work copyrighted by... an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work. . . ." 17 U.S.C. § 24 (1909).

45. Virtually every court has interpreted Section 24 as applying to both traditional employers and independent contractors and thus has expressly or impliedly ruled that the commissioning party rather than the independent contractor has the right to renew a work for hire. *See, e.g., Picture Music*, 457 F.2d at 1217; *Real Estate Data, Inc. v. Sidwell Co.*, 907 F.2d 770, 773 (9th Cir. 1990), *cert. denied*, 498 U.S. 1088 (1991); *National Center for Jewish Film, Inc. v. Goldman*, 943 F.Supp. 113, 116-118 (D.Mass. 1996); *Self-Realization*, 206 F.3d at 1326; *Philadelphia Orchestra*, 821 F.Supp. at 347-49; *Muller*, 871 F.Supp. at 684-85 (same, as to Orchestra conductor); *Faulkner v. National Geographic Society*, 211 F.Supp.2d 450, 465 (S.D.N.Y. 2002); *Hogarth*, 2002 WL 398696 at *18-24; *Urantia*, 114 F.3d at 961.[3]

46. *Eliscu v. T.B. Harms Co.*, 151 U.S.P.Q. 603, 604 (N.Y. Sup. Ct. 1966), does not hold to the contrary, because the court in that case took pains to note that the lyricist claiming renewal rights was "neither an employee, *nor* truly an independent contractor."

47. *Yardley v. Houghton Mifflin Co.*, 108 F.2d 28, 31 (2d Cir. 1939), *cert. denied*, 309 U.S. 686 (1940), and

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[3] The *Hogarth* and *Urantia* cases are probative of the commissioning party's ownership of renewal rights to works for hire under the 1909 Act, despite the fact that the works at issue were renewed under Section 304(a) of the 1976 Act. While the 1976 Act *generally* constitutes a "radical break from 'work for hire' doctrine under the 1909 Act," *Easter Seal*, 815 F.2d at 335, Congress expressly made clear that "[s]ubsection (a) of section 304 reenacts and preserves the renewal provision, now in section 24 of the statute, for all of the works presently in their first 28-year term." H.R. Report No. 94, p. 139 (1976), U.S. Code Cong. & Admin. News 1976, p. 5755.

Shapiro, Bernstein & Co. v. Jerry Vogel Music Co., 221 F.2d 569 (2d Cir. 1955) similarly are inapposite because work-for-hire status in those cases was based on the outmoded theory of implied assignment rather than the now-applicable presumption of statutory authorship in the party at whose "instance and expense" the work is created. Starting with *Brattleboro Publishing Co. v. Winmill Publishing Corp.*, 369 F.2d 565, 568 (2nd Cir. 1966), work-for-hire law "gradually expanded [from a theory of implied assignment] into a presumption that *anyone* who paid an artist to create a copyrightable work was the *statutory author* under the work for hire doctrine." *Dumas v. Gommerman*, 865 F.2d 1093, 1096 (9th Cir. 1989) (emphasis added). *See also Easter Seal*, 815 F.2d 326-27 (recognizing that beginning with *Brattleboro*, courts adopted rule that "whoever commissioned a work was presumed the statutory 'author'"). In light of the common law's evolution, courts and commentators have expressly rejected any reliance on *Yardley and Shapiro* in interpreting the 1909 Act's work-for-hire provisions. *See, e.g., Easter Seal Society*, 815 F.2d at 330 n.13 ("[I]n Nimmer's view there was a distinction in the case law under the 1909 Act between 'employees'... and independent contractors. Independent contractors... were only 'presumed' to have assigned the copyrights in the work... With all respect, we think the distinction urged by Professor Nimmer was erased long before the 1976 Act's arrival. The whole point *of Brattleboro Publishing* was to... make an independent contractor... into a copyright 'employee' so that the buyer was the 'author.' That point was made over and over again... Professor Nimmer's distinction between 'employment' and 'commissioned works' in the case law is invisible to us."); Angel & Tannenbaum, *Works Made for Hire Under S.22*, 22 N.Y.L. Sch. L. Rev. 209, 213-14 (1976) (*Picture Music* "has been criticized [by Nimmer] as appearing to be wrong... However, *Picture Music* has been cited with

approval in [subsequent decisions]".) With the commissioning party now considered to be the presumptive author and copyright owner of a work for hire from inception, there is no assignment to revert to the independent contractor upon the work's renewal. Thus, as described in Conclusion of Law No. 45, all of the decisions since *Brattleboro* have found that *the commissioning party* owns the right to renew under Section 24 of the 1909 Act, not the independent contractor.

48. The Court believes *Royalty Control Corp. v. Sanco, Inc.*, 175 U.S.P.Q. 641 (N.D.Cal. 1972), the only case the Court could find to the contrary, is an anomaly. The *Royalty Control* court simply may have been unaware of *Picture Music*, which had been decided only two months beforehand. *Cleary v. News Corp.*, 30 F.3d 1255, 1259 n.3 (9th Cir. 1994), also briefly touched upon the assignment theory in *dictum* that had nothing to do with the renewal of works for hire.

49. The Court finds that defendants' reliance on *CCNV*, 490 U.S. at 730, is misplaced. *CCNV* concerns the scope of Section 101 of the 1976 Act. Defendants contend that because "employee" refers to a formal employee under the 1976 Act, as interpreted by the Supreme Court in *CCNV*, the word "employer" in Section 24 of the 1909 also must refer only to the master servant-relationship. The Court, however, rejects defendants' attempt to equate the work-for-hire provisions of the 1976 and 1909 Acts.

50. First, in enacting Section 101 of the 1976 Act, "Congress did not intend a continuation of the status quo." *Gommerman*, 865 F.2d at 1097. The 1976 Act was a "radical... departure from prior law." *Id.*; *Easter Seal*, 815 F.2d at 335. "Where the drafters of the 1976 Act intended to

include existing law, they stated that intention clearly." *Gommerman*, 865 F.2d at 1102. While they did so with respect to Section 304(a), the 1976 Act's renewal provision, Congress did not do so with respect to Section 101. Accordingly, the Court finds that the *CCNV* court's interpretation of Section 101 of the 1976 Act does not shine light on the meaning of Section 24 of the 1909 Act.

51. Second, ascribing the narrow definition of "employee" in Section 101(1) of the 1976 Act to Section 24 of the 1909 Act is inconsistent with the common law's now uniform application of Section 26, which like Section 24, refers to a work-for-hire "employer." Courts -- *including in decisions subsequent to CCNV* -- uniformly have come to hold that Section 26 applies equally to traditional employers *and* commissioning parties and, thus, that commissioning parties initially own the copyrights to works created for them by independent contractors. *See, e.g., Self-Realization*, 206 F.3d at 1326; *Playboy Enterprises*, 53 F.3d at 554; *Marvel*, 254 B.R. at 828; *Niss*, 57 U.S.P.Q.2d at 1353. It is not reasonable to interpret "employer" as encompassing commissioning parties for purposes of Section 26, but only traditional employers under Section 24. Therefore, the Court concludes the *CCNV* court's ruling on the scope of Section 101 of the 1976 Act is not probative of the scope of the renewal provision under the 1909 Act.

52. In sum, defendants' attempt to import into the renewal provision of the 1909 Act the dichotomy between works created for traditional employers and those prepared for commissioning parties set forth in Section 101 of the 1976 Act is not supported by the language of Section 24 or the common law. Since the expansion of the work-for-hire doctrine to make commissioning parties the initial copyright owners of works for hire, the case law almost uniformly holds

that the commissioning party also owns the renewal term. The Court refuses defendants' invitation to take the unprecedented step and be the first modern-day court to hold to the contrary.

E. The Book's Work-For-Hire Status Is Constitutional

53. The Court also rejects defendants' invitation to be the first court to rule that the application of the work-for-hire doctrine to commissioning parties like Doubleday is unconstitutional. The policy underlying the Copyright Clause -- providing a financial incentive for the initiation and funding of artistic activity, *Mazer v. Stein*, 347 U.S. 201, 219 (1954); *Goldstein v. California*, 412 U.S. 546, 555 (1973) -- applies to work-for-hire proprietors like Doubleday, who motivate the existence of and pay for the creation of works for hire.

V. CONCLUSION

54. In light of the Court's finding that the Book is a work for hire, the Court concludes that the copyright to the Book was properly renewed by its proprietor, Doubleday, and the Book remains protected by copyright. Because the Court previously determined as a matter of law that plaintiffs owned chain of title to the Book and that defendants admitted copying substantial portions of the Book to create *Campaigns* (findings that defendants did not appeal to the Ninth Circuit), the Court concludes that plaintiffs have proven all of the elements of their cause of action for copyright infringement. Plaintiffs are instructed to prepare a Judgment for the Court's signature within ten (10) days of the issuance of this Order.

55. Purusuant to Fed. R. Civ. P. 54(d), plaintiffs may file a motion for the attorney's fees and costs incurred since the Ninth Circuit's remand, which will supplement the

Court's prior award of attorney's fees on November 28, 2000.

DATED this 30th day of December 2002.

/s/ Hon. Florence Marie-Cooper

United States District Judge

APPENDIX E

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

No. CV 98-7189 FMC (Ex)

[Filed January 4, 2000]

Twentieth Century Fox Film Corporation, SFM Entertainment, LLC and Newline Home Video, Inc.,	)
Plaintiffs,	)
v.	)
Dastar Corporation, Entertainment Distributing, and Marathon Music & Video,	)
Defendants.	)
Dastar Corporation,	)
Counterclaimant,	)
v.	)

Twentieth Century Fox Film Corporation, SFM Entertainment, LLC, Newline Home Video, Inc., and Random House sued as Doubleday,	)
Counterdefendants.	)

ORDER GRANTING SUMMARY JUDGMENT FOR PLAINTIFFS AND COUNTERDEFENDANTS AND DENYING DEFENDANTS' MOTION FOR SUMMARY JUDGMENT OR IN THE ALTERNATIVE, MOTION TO DISMISS

I. Introduction/Procedural History

Plaintiffs, Twentieth Century Fox Film, SFM Entertainment, and New Line Home Video, asserted claims for copyright infringement,[1] reverse passing off under the Lanham Act and unfair competition under California law against Defendants Dastar Corporation, Entertainment Distributing and Marathon Music and Video. This lawsuit is based on the Defendants' distribution of a video series

[1] 17 U.S.C. § 501(b) states in part: "The legal or beneficial owner of an exclusive right under a copyright is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it." Defendants do not dispute Plaintiffs standing to sue for copyright infringement as the exclusive licensee and sublicensees under Doubleday's copyright in the Book. *See Eden Toys Inc. v. Florelee Undergarment Co. Inc.*, 697 F.2d 27, 36 (2d Cir. 1982)(if copyright owner granted exclusive license, licensee may sue for infringement in its own name without joining owner).

entitled *Campaign in Europe* which Plaintiffs claim is an infringement of the protected material found in the book, *Crusade in Europe*, ("the Book") by General Dwight D. Eisenhower and is an appropriation of the television series *Crusade in Europe* without proper credit. Additional facts are described in Part IV.

Defendants moved for summary judgment or, in the alternative, for dismissal of plaintiffs' claims for lack of standing. Plaintiffs filed a cross-motion for summary adjudication on their claims for copyright infringement, reverse passing off and unfair competition and on defendants' counterclaims for declaratory relief and unfair competition. Random House, sued as Doubleday, joined plaintiffs' motion for summary adjudication on the counterclaims. The parties' motions are pending before the Court.

II. Defendants' Requests to Strike Plaintiffs' Evidence

In the course of briefing on these motions, Defendants filed three requests to strike portions of the Plaintiffs' submissions.[2] Two were aimed at the admissibility of nearly

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[2] The Court notes that on November 17, 1999, the Honorable Dickran Tevrizian ordered no further briefing on either plaintiffs' or defendants' motions after the plaintiffs' filing of their reply in support of their cross-motion for summary judgment on December 6, 1999. Although the case has been transferred to this Court, the previous orders are in full effect.

Both parties have filed documents well after the deadline. The Court agrees with plaintiffs that portions of defendants' filings on December 13, 1999, contain argument appropriate only in a timely filed brief. However, because Federal Rule of Evidence 56(e) requires admissible evidence, defendants are entitled to challenge the admissibility of the evidence offered by plaintiffs in their reply.

every piece of Plaintiffs' evidence offered in support of their motion for summary adjudication. The third was a motion to strike under Rule 11 alleging that Plaintiffs had incorrectly cited two cases in their reply brief. Because defendants' evidentiary arguments relate to the findings of undisputed fact in Part IV, the Court addresses defendants' claims at the outset.

A. Documents from the McCormick Collection and the Eisenhower Library

Plaintiffs have submitted documents from the McCormick collection at the Library of Congress and the Eisenhower Presidential Library as evidence in support of their motion. Defendants object to these documents on two grounds: failure to disclose and hearsay.

Defendants contend that the documents are inadmissible because plaintiffs did not disclose the documents until they were filed in the course of the summary judgment papers.

On the same grounds, the Court considers plaintiffs' response to the defendants' evidentiary challenges. The Court resolves these evidentiary matters as explained in text.

However, the Court strikes defendants' Summary of Oral Argument filed December 21,1999. The Court is fully aware of the numerous filings on the cross-motions for summary judgment; defendants' additional filing adds only to the volume of paper they have already submitted. Moreover, the filing violates the Court's order of November 17, 1999. Plaintiffs' filing on December 22, 1999, is similarly disregarded.

On December 28, 1999, defendants' filed a document entitled "Suggestions on Oral Argument by Defendants." Parties are not permitted to respond in writing to the Court's tentative order. The Court strikes defendants' "Suggestions."

Defendants argue that the belated disclosure violates Local Rule 6.2.2 which imposes a continuing duty on parties to disclose all documents "contemplated to be used." A party who, without substantial justification, fails to disclose information is not permitted to use the information at trial or in support of a motion unless such failure is harmless. Fed. R. Civ. P. 37(e)(1).

Plaintiffs contend there is no violation of the local rules because the documents retrieved from the presidential library were neither responsive to defendants' discovery request nor contemplated for use until they learned of the arguments made in the defendants' motion for summary judgment. Plaintiffs' declaration with respect to their contemplated use and disclosure in their opposition to defendants' motion is sufficient under Local Rule 6.6.2. The documents from the McCormick collection were not retrieved until after October 20, 1999. In the midst of summary judgment filings, disclosure less than one month after receipt of documents is sufficient under Rule 6.2.2.

Defendants also object to all of the documents from both collections on the grounds that they are hearsay. Plaintiffs assert that they are admissible as ancient documents. Federal Rule of Evidence 803(16) provides an exception to the hearsay rule for documents at least twenty years old, if they are properly authenticated. An ancient document is authenticated under Rule 901(8) if it (1) is in such condition as to create no suspicion concerning its authenticity; (2) was in a place where it, if authentic, would likely be; and (3) has been in existence twenty years or more at the time offered. The Court finds that the documents from the McCormick collection and the Eisenhower Library meet the requirements for authentication pursuant to Rule 901(8). Each is in sufficient condition to avoid suspicion; is identified as a

document in either the Library of Congress' collection or the Eisenhower Library; and contains a date or other information demonstrating that the document has been in existence more than twenty years. Accordingly, these documents are admissible as exceptions to the hearsay rule. Defendants' objections to Exhibits A-Z to Powers' declaration are overruled, Defendants' objections to Exhibits A-K to Jahss' declaration are overruled.

B. Declarations and Remaining Exhibits

1. Feinstein and Unsigned Declaration of Levathes

Defendants object on hearsay grounds to the declaration of Feinstein which relayed Feinstein's conversation with Levathes who was unable to sign his declaration due to illness. The Court will consider only the recently filed signed declaration by Levathes. The Defendants' objections to the declaration of Feinstein and the unsigned declaration of Levathes are sustained.

2. Levathes' Signed Declaration

Defendants also object to Levathes' signed declaration stating that plaintiffs failed to disclose Levathes as a witness. Plaintiffs respond that they did not discover Levathes until October 28, 1999. The Court agrees with plaintiffs that their disclosure of Levathes' testimony shortly thereafter is sufficient under Rule 6.2.2. Defendants object to several paragraphs of Levathes' declaration. Paragraph two states that "People looked to movie theaters in those days as a major source of their news." Defendants object for lack of foundation. Whether or not Levathes, who worked in the movie industry at the time, has sufficient personal knowledge, the statement is irrelevant to the issues before the Court. The

sentence is not admissible. Paragraph four states that Levathes believed Fox should get into television because it would be a major vehicle for news programming. Defendants object based on relevance and lack of foundation. This statement of Levathes' belief is relevant to his motivation in urging Fox to develop the series for television based on the Book. Levathes certainly has personal knowledge of his own state of mind. Defendants next object to the statement that "Mr. Skouras told me to explore the idea" as hearsay. A statement is not hearsay if it is not offered for the truth of the statement. Whether or not Skouras made the statement, it explains Levathes' motivation for pursuing the project for Fox. Defendants objections to paragraph four are overruled. Defendants' objection to paragraph five is based on their argument that Levathes' declaration as to his state of mind is without foundation and is irrelevant. It is relevant to the issue of the television series being an accurate reflection of the Book and is clearly within Levathes' personal knowledge. Defendants object to paragraph six on the grounds that it contains "conclusionary statements." Paragraph six contains factual statements of the steps Levathes took to secure the television rights from Doubleday. Defendants' objection is overruled. Levathes' statement that he "informed Time during negotiations that the *Crusade in Europe* television series. . . had to be faithful to the book" is admissible hearsay under Rule of Evidence 803(3). It is "[a] statement of the declarant's then existing state of mind... such as intent, plan, motive, design". . . F. R. E. 803(3). Levathes' description of portions of the agreements between Fox and Doubleday which are attached as exhibits is also permissible. Finally, defendants object to paragraphs nine, ten and eleven for lack of foundation. These paragraphs detail Levathes' role in adapting the Book into the series, the agreement for payment and the use of the text of the Book are based on Levathes'

personal knowledge and, accordingly, have sufficient foundation. Defendants' objections are overruled.

3. Declaration of Moger

Defendants object to portions of Moger's declaration on several different grounds. The Court overrules defendants' objections for the following reasons. The sentence objected to as conclusory contains statements of fact within the personal knowledge of Moger. The objection to the use of the word "restored" as ambiguous in the third paragraph is fully explained in the remaining part of that paragraph. Declarant has sufficient personal knowledge as foundation to explain the condition of the film received from Time. Declarant does not relay hearsay in paragraph four. Paragraphs five to seventeen are relevant to establishing SFM's role in the creation of the *Crusade in Europe* videos. Moger's statements that he was "outraged" are not the proper subject of a declaration and will be disregarded by the Court.

Defendants object to exhibits A, B and C attached to Moger's declaration on the grounds that they were not disclosed. Plaintiffs' respond that they did not contemplate using exhibit A until the motions for summary judgment were filed and that exhibits B and C were disclosed in plaintiffs' initial disclosures. As explained above, only documents a party contemplates using are required to be disclosed under Local Rule 6.2.2. The Court finds that exhibit B was attached to plaintiffs' original complaint as exhibit I and that exhibit C was attached as exhibit H. The Court notes that the original exhibit markings remain on the copies attached to Moger's declaration and are readily apparent. Defendants' objections to exhibits A, B and C to Moger's declaration are overruled.

4. Declaration of John Eisenhower

Defendants objections to Eisenhower's statements on the grounds that he lacks personal knowledge and that the statements therefore lack foundation are overruled. The Court finds that Eisenhower's declaration contains sufficient facts of his dealings with his father and his familiarity with his father's affairs to provide ample foundation and personal knowledge, to support his statements in paragraphs five, six, seven, eight, nine, ten and eleven. Two sentences contain speculative statements about the secretaries provided to General Eisenhower and the number of changes made by Doubleday to the General's book. Plaintiffs assert that these statements are permissible under Federal Rule of Evidence 701. The Court finds that the statements meet the provisions of that Rule because (1) they are rationally based on the perception of Eisenhower and (2) they are helpful. Eisenhower's statement based on his conversation with his father in paragraph six falls within the residual exception to hearsay because the statement is evidence of a material fact, is probative and is reliable. Federal Rule of Evidence 807. Defendants objection to Eisenhower's statement that he believes the family does not have a right to renew the Book's copyright because it belongs to Doubleday is sustained.

5. Declaration of Vaughan

Defendants object to much of Vaughan's declaration on the grounds that the statements are not based on personal knowledge and lack foundation. The Court finds that Vaughan's statements about his experience working at Doubleday beginning in 1952, in combination with his working relationships with Doubleday executives and General Eisenhower, provide sufficient personal knowledge and foundation for his declaration. Vaughan's statements that

General Eisenhower "welcomed" Doubleday's assistance and that the book would not have been published without Doubleday's urging are based on the knowledge he obtained from his relationship with General Eisenhower; they are not speculative. These statements are based on hearsay but fall within the residual hearsay, exception because they are evidence of material facts, probative and reliable. Fed. R. Evid. 807. Defendants' objections to Vaughan's declaration based on lack of foundation and personal knowledge are overruled. Defendants' objections based on relevance are sustained with respect to Vaughan's statement that copyrights are the "legal and financial stock-in-trade" of publishing and Vaughan's belief that defendants' challenge to the copyright is "ironic." Lines 5:23-26,6:1-4.

6. Exhibit A to the Declaration of Reed

Defendants objected to the copy of *Crusade in Europe* and the face page of the Book, filed as Exhibit A, because plaintiffs disclosed a different edition to the book. The Court finds no basis for excluding the exhibit on this ground. The objection is overruled.

7. Exhibits F and H to the Supplemental Declaration of Jahss

Defendants object to exhibits F and H on the grounds that they were not disclosed and are hearsay. Exhibit F is the introduction to General Eisenhower's book *At Ease: Stories I Tell To Friends*. General Eisenhower's own words in this book fall within the residual hearsay exception because they are evidence of a material fact, probative and most certainly reliable. Fed. R. Evid. 807. Rule 807 requires a party offering evidence under this rule to provide the adverse party with sufficient notice. Defendants argued at oral argument

that the filing of this evidence with plaintiffs' reply was insufficient notice. Defendants further argued that because they were not permitted to file any papers after plaintiffs' reply, the evidence is inadmissible. Defendants certainly could have requested leave to respond to plaintiffs' new evidence. Moreover, the Court's order precluding filings after plaintiffs' reply did not stop defendants from filing several other objections to plaintiffs' evidence after that date. The introduction to *At Ease* was provided to defendants with sufficient notice. Defendants objections are overruled.

Exhibit H is an excerpt from a journal *Columbia Library Columns* which details General Eisenhower's path to becoming the University's president. The single sentence of the article that is relevant to this case is "The horrible demands of his new position dismayed the General, according to the *New York Herald Tribune's* Bill Robinson, who would be instrumental with Doug Black in publishing *Crusade in Europe*." Jahss Supp. Declaration, Ex. H at 59. Even though defendants' objection to the article is sustained, the involvement of Black and Robinson in persuading General Eisenhower to write the Book is established by other evidence.

C. Rule 11

The Court denies Defendants' request to strike Plaintiffs' reply memorandum under Federal Rule of Civil Procedure 11. Defendants contend that Plaintiffs' incorrectly cited two cases to the Court. The Court finds that Plaintiffs' citation to *Comedy III Productions, Inc. v. Newline Cinema* does not violate Rule 11. *Comedy III* does contain the statement, albeit in dicta, that the exploitation of an item in the public domain may be cognizable under the Lanham act. The Court also finds that Plaintiffs' citation to *Lamothe v. Atlantic*

Recording Corporation as a general statement of standing under the Lanham act does not violate Rule 11.

III. Summary Judgment/Summary Adjudication Standard

Summary judgment or summary adjudication is only proper where "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there are no issues as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. Pro. 56(c).

The moving party bears the initial burden of demonstrating the absence of a genuine issue of material fact. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). Whether a fact is material is determined by looking to the governing substantive law; if the fact may affect the outcome, it is material. *Id.* at 248.

If the moving party meets its initial burden, the "adverse party may not rest upon the mere allegations or denials of the adverse party's pleadings, but the adverse party's response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial." Fed. R. Civ. P. 56(e). Mere disagreement or the bald assertion that a genuine issue of material fact exists does not preclude the use of summary judgment. *Harper v. Wallingford*, 877 F.2d 728 (9th Cir. 1989).

IV. Uncontroverted Facts

Each set of moving parties filed a Statement of Uncontroverted Facts. Defendants responded to the vast majority of plaintiffs' statement by disputing the admissibility

of the evidence on which the asserted facts were based. The Court's ruling on the admissibility of the evidence is discussed in Part II. Defendants' evidentiary arguments do not meet the requirement that parties "identify with reasonable particularity" evidence supporting their contentions that material facts are disputed. *See Keenan V.Allen, 91* F.3d.1275, 1279 (9th Cir. 1996). To the extent defendants identified evidence allegedly contradicting plaintiffs' remaining facts, they pointed only to entire documents as support, *i.e.*, "depositions of Tarter and Andersen." (Defendants' response to plaintiffs' Statement of Uncontroverted Facts paras. 82, 84, 85.) Citation to an entire deposition is not "reasonable particularity" and is insufficient to dispute plaintiffs' factual contentions. The Court may assume the material facts as claimed and supported by plaintiffs are admitted to exist absent evidence filed by defendants to controvert those facts. Local Rule 7.14.3. To the extent the Court finds the plaintiffs' facts relevant to this motion, they are stated below.

Defendants' Statement of Uncontroverted Fact contains, in large part, legal argument, *i.e.*, "The fact that in the thirty-one (31) initial 1948 registrations... DOUBLEDAY did not identify itself as the author with the work being 'a work for hire' is compelling evidence that the General Eisenhower work, *Crusade in Europe*, was not a work for hire at that time, and was not contemplated by the parties to be a work for hire." (Defs. Statement of Uncontroverted Fact para. 21) Defendants also recite allegations found in plaintiffs' complaint and the responses to those allegations filed in the answer. The Court observes, as the Ninth Circuit did in *Keenan*, that defendants' "counsel certainly cannot be accused of remaining silent, but by submitting [a document] that obfuscates rather than promotes an understanding of the facts, [counsel] has assisted neither the court nor [the]

clients." 91 F.3d at 1279. To the extent defendants' statement contains uncontroverted facts helpful to the Court, they are stated below.

THE BOOK

1. As early as 1944, General Eisenhower was asked to write his memoirs of his War experience by book publishers including Doubleday. (Power Decl. Ex. A).

2. Although the General initially rejected the proposals, he was approached by Douglas Black of Doubleday and William Robinson of the *New York Herald Tribune* about writing his memoir to convey his personal, first-hand experience of the war. Black convinced Eisenhower that only his account could dispel inaccurate reports found in other books. (Jahss Supp. Decl. Ex. F, Vaughan Decl., J. Eisenhower Decl.).

3. In December of 1947, Eisenhower sought tax advice from the Department of Treasury stating that he had been "urged" by publishers to write his war memoirs. (Jahss Decl. Ex. F)

4. By January of 1948, General Eisenhower began discussing with Doubleday editor in chief Ken McCormick and William Robinson of the *Herald Tribune* the preparation and the content of the Book. (Power Decl. Ex. J, Jahss Decl. Ex. P)

5. On February 8, 1948, General Eisenhower began writing the Book. (Jahss Supp, Decl. Ex F).

6. Ken McCormick supervised the "necessary work in connection with the preparation of the manuscript." (Jahss

Decl. Ex. P) Joe Bames, editor at the *New York Herald Tribune*, also assisted in editing the manuscript. (Jahss' Decl. Ex. R)

7. Doubleday hired several others to assist with the Book including Kevin McCann, Doug Wallop, and John Kennedy. (Power Decl. Ex. H). Wallop and Kennedy served as secretaries who transcribed and typed the manuscript. (Powers Decl. Ex. G, H, I). Arthur Nevins was hired to check historical facts and add notations to the manuscript. (Powers Decl. P) Doubleday paid the salaries and the expenses of each of these individuals. (Power Decl. H, P, S).

8. On December 8, 1948, General Eisenhower signed an agreement acknowledging the sale of the Book and "all rights of every nature pertaining thereto" to Doubleday for the sum of $635,000. (Jahss Decl. Ex. L)

9. Doubleday worked on the promotion and manufacture of the Book long before the Eisenhower/Doubleday contract was executed and the Book was published including developing printing specifications and marketing plan. (Jahss Decl. Ex. W, Power Decl. Exs. V, Z)

10. Doubleday published the Book on November 22, 1948. The first thirty excerpts appeared in the November 7, 1948, edition of the *Herald Tribune*. (Jahss Decl. Y, Power Decl. Exs. I, W)

11. Doubleday obtained certificates of registration for the copyrights to the Book and *The Herald Tribune* excerpts in 1948. Doubleday was listed as the copyright claimant. (Jahss Decl. Exs. Z, AA)

12. In 1975, Doubleday renewed the copyrights as the "proprietor of copyright in a work made for hire." (Jahss Decl. Exs. BB, CC)

THE *CRUSADE* SERIES

13. In. 1948, Doubleday granted to Twentieth Century Fox Television Productions, Inc., the sole and exclusive television rights in the Book. (Plaintiffs' Statement of Uncontroverted Facts para, 46. Defendants did not provide evidence to contradict this fact.)

14. Peter Levathes, Vice President of Twentieth Century Fox, arranged and oversaw the production of the television series to be made from the Book. (Plaintiffs' Statement of Uncontroverted Facts para. 47. Defendants did not provide evidence to contradict this fact.)

15. Levathes negotiated an agreement with Time Incorporated to produce the series titled *Crusade in Europe*. The agreement provides that the *Crusade in Europe* series must be based upon or illustrate the Book. (Plaintiffs' Statement of Uncontroverted Facts paras. 47, 50. Defendants' did not provide evidence to contradict this fact.)

16. In 1988, Fox reacquired the television rights in the Book from Doubleday including the exclusive right to distribute on video the *Crusade* television series. (Plaintiffs' Statements of Uncontroverted Facts paras. 58, 59. Defendants did not provide evidence to contradict this fact.)

17. In 1988, Fox granted to SFM Entertainment the right to act as its exclusive sales agent and distributor of the *Crusade* series in all media, including video, and to sublicense others to do the same. SFM in turn granted

exclusive license to distribute the *Crusade* series to Embassy Home Entertainment and thus to New Line Home Video. (Embassy Home Entertainment's successor in interest). (Plaintiffs' Statement of Uncontroverted Facts para. 62. Defendants did not provide evidence to contradict this fact.) SFM located the negatives of the original *Crusade* television series, had them restored and reproduced for sale on video. SFM spent approximately $75,000 in restoring the series. (Plaintiffs' Statement of Uncontroverted Facts paras. 65, 67, 71. Defendants did not provide evidence to contradict this fact.)

18. The *Crusade* video series is a direct reproduction of the *Crusade* television series. (Plaintiffs' Statement of Uncontroverted Facts para. 72. Defendants did not provide evidence to contradict this fact.)

19. The credits of the *Crusade* videos include New Line Home Video, SFM, "A March of Time Production By Arrangement with 20th Century Fox" and "Eisenhower's Crusade in Europe Based on the Book by Dwight D. Eisenhower." (Plaintiffs' Statement of Uncontroverted Facts para. 73. Defendants did not provide evidence to contradict this fact.)

THE *CAMPAIGN* SERIES

20. Dastar began producing videos in 1995. At that time, Norman Andersen was president of Dastar and, beginning in September of 1995, Lanny Tarter was Dastar's director of video acquisitions. (Plaintiffs' Statement of Uncontroverted Facts paras. 77-78. Defendants did not provide evidence to contradict these facts.)

21. To create *Campaigns*, Tarter purchased eight beta cam tapes of the *Crusade* television series of sufficient quality so as to be able to reproduce them en *masse*. (Plaintiffs' Statement of Uncontroverted Facts paras. 82-83. Defendants did not provide evidence to contradict these facts.)

22. Tarter copied the *Crusade* series in its entirety to make *Campaigns*. He then substituted a new opening title sequence, credit page and final closing for the original versions that appeared in the *Crusade* series; substituted 26 new chapter-title sequences; deleted any references to the Book including images of the Book (approximately twenty minutes of footage); added music; and moved the *Crusade's* recap to the beginning. (Plaintiffs' Statement of Uncontroverted Facts para. 84. Defendants Statement of Uncontroverted Facts para 70.)

23. The credits for *Campaigns* identify Anderson as executive producer, Barbara Kaye as associate producer and Tarter as producer. (Plaintiffs' Statement of Uncontroverted Facts para. 100. Defendants did not provide evidence to contradict these facts.)

24. The Book and the *Campaign* video series are organized around the same six subjects: (1) the build-up of United States armed forces before Word War II and the entry of the U.S. into the War; (2) the Allied campaign in North Africa; (3) the Allied Campaign in Italy; (4) the Allied campaigns in France and Germany leading to victory in Europe; (5) the involvement of Russia in the War in Europe; and (6) the post-war period. (Reed Decl. para 7) (Plaintiffs' Statement of Uncontroverted Facts para. 92. Defendants did not provide evidence to contradict this fact.)

25. The sequencing of the topics in the Book is roughly the same as that in *Campaigns*; many of the same topics are juxtaposed and recounted in the same order, and the overall presentation of the War is the same. (Reed Decl. Ex. C) (Plaintiffs' Statement of Uncontroverted Facts para. 97. Defendants did not provide evidence to contradict this fact.)

26. The Book tells General Eisenhower's personal story of World War II and is organized around his personal experiences and perspectives. *Campaigns*, in truncated form, repeats General Eisenhower's personal story, following the same route as the Book. (Reed Decl. para 9) (Plaintiffs' Statement of Uncontroverted Facts para; 95-96, Defendants did not provide evidence to contradict this fact.)

27. *Campaigns* contains text from the Book. There are 853 sentences in the Book that appear in *Campaigns*; 244 pages of the Book, or 51.2%, contain text directly copied or closely paraphrased in *Campaigns;* and 2,211 lines of text out of an approximate total of 19,000 lines (11.6%) contain text directly copied or closely paraphrased in *Campaigns*. (Reed Decl. Para. 5) The Court notes defendants' assertion disputing this statement of fact. However, defendants bald assertion that four percent of the Book appears in the *Campaign* videos, much of which is historical fact, insufficient to dispute plaintiffs' statement without pointing to admissible evidence is insufficient to dispute plaintiffs' statement.

V. Plaintiffs' Motion for Summary Adjudication

Plaintiffs argue that they are entitled to summary adjudication on their claims for copyright infringement, reverse passing off and unfair competition under California

law. They also seek summary adjudication on defendants counterclaims.

A. Copyright Infringement

To prevail on their claim for copyright infringement plaintiffs must demonstrate both ownership of the copyright of the Book by Doubleday and unauthorized copying of protected elements of the work by defendants. *CDN Inc. v. Kapes*, __F. 3d__, 1999 WL 1080177 (9th Cir. Dec. 2, 1999); *Shaw v. Lindheim*, 919 F.2d 1353, 1355 (9th Cir. 1990).

1. Ownership of the Copyright

The ownership of the copyright in this case turns on whether Eisenhower wrote the Book as a "work for hire" for Doubleday. If it is a work for hire, Doubleday, as the proprietor, was authorized to renew the copyright and continues to hold a valid copyright. If the book was not a work for hire, the right to renew the copyright belongs only to General Eisenhower's heirs. There is no dispute that Doubleday renewed the copyright as the proprietor of the original copyright.

Under the 1909 Copyright Act, proprietorship of a work made for hire belongs to the person at whose "instance" and "expense" it was created. "'[W]hen one person engages another, whether, as employee or as an independent contractor, to produce a work of an artistic nature, [sic] in the absence of an express contractual reservation of the copyright in the artist, the presumption arises that the mutual intent of the parties is that the title to the copyright shall be in the person at whose instance and expense the work is done." *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 300

(9th Cir. 1965); *see also May v. Morganelli-Heumann & Associates*, 618 F.2d 1363, 1368 n.4 (9th Cir. 1980).[3] Although the Ninth Circuit has not identified a specific test for evaluating the "instance and expense" of creating a work, it has frequently cited case law from the Second Circuit as a source of the standard.

The "instance" prong of the test is met where "the motivating factor in producing the work was the employer," *Playboy Enterprises, Inc. v. Dumas*, 53 F.3d 549, 554 (2d Cir. 1995). The evidence demonstrates that, of the many publishers who encouraged the General to write his memoirs at the end of the Second World War, only Douglas Black of Doubleday and William Robinson of the *New York Herald*

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[3] Defendants asserted at oral argument that without a showing that Doubleday had the right to supervise and control Eisenhower's work, the Court cannot conclude that the Book was a work for hire. Defendants point only to Second Circuit law for this additional requirement. This Court may properly look to another circuit for guidance where there is a vacuum of authority. However, the Court is not authorized to import an additional test currently required by the Second Circuit, but not the Ninth.

Even if plaintiffs were required to establish that Doubleday had the right to supervise and control Eisenhower's work, the Court finds sufficient evidence on these points. First, it is undisputed that editors from Doubleday discussed with Eisenhower the content and format of the Book as early as January of 1948. An editorial team from Doubleday and the *Herald Tribune* edited the entire manuscript. The fact-checker hired and paid by Doubleday stated that he offered suggestions for modifications and additions to Eisenhower where the original draft did not conform with historical facts. (Power's Decl. Ex. P) Finally, John Eisenhower stated in his declaration that the Book reflects changes made by Doubleday's editorial staff. (Eisenhower Decl. para.8, 10)

Tribune convinced General Eisenhower that his personal, first-hand experience of the war was necessary. (Finding of Fact 2) In light of the evidence that General Eisenhower had rejected previous offers to publish, the Court finds that the "instance" prong of the test is met because Black and Doubleday were the "motivating factor" behind General Eisenhower writing the book.

The "expense" requirement is met where a hiring party pays an independent contractor a sum certain for his or her work in contrast to paying royalties. *See Playboy*, 53 F.3d at 555; *Yardley v. Houghton Mifflin Co., Inc.*, 108 F.3d 28, 31 (2d Cir. 1939). General Eisenhower was paid a flat fee for the Book and retained no right to royalties. (Finding of Fact 7). In addition, there is ample evidence that Doubleday paid the expenses surrounding the creation of the Book. Doubleday hired and paid the transcribers, typists and the fact checker of the Book. (Finding of Fact 6). These facts are sufficient to meet the "expense" prong of the test.

Plaintiffs have presented substantial credible evidence that General Eisenhower wrote the book, *Crusade in Europe*, at the "instance and expense" of Doubleday. Accordingly, as a matter of law, the Book is a work for hire. Doubleday, as the employer of the author of the Book, is the proprietor of its copyright.

Defendants make much of the fact that the Book's original copyright registration does not indicate that it is a work for hire. Section 209 of the 1909 Act provides that a certificate of registration shall be prima facie evidence of the facts stated therein. 3 Nimmer on Copyright, § 12.11 at 12-77, n.2. The facts contained on the registration certificate include that Doubleday is the owner of the copyright and that General Eisenhower the author of the Book. In contrast, the

registration is silent as to whether the Book was written as a work for hire. Section 209 does not require a Court to accept the registration as prima facie evidence of facts absent from the registration. Despite defendants' contentions, the Book's registration certificate does not contradict the Court's conclusion that the Book was a work for hire.

2. Copying

The next inquiry is whether the defendants copied the protected expression in the Book. The fact that the copyright in the derivative work, the *Crusade in Europe* film series, was not renewed does not affect the validity of Doubleday's copyright in the parts of the book used in the films. *Stewart v. Abend*, 495 U.S. 207, 231, 110 S. Ct. 1750, 109 L. Ed. 2d 184 (1990); *Batjac Productions, Inc. v. Goodtimes Home Video Corp.*, 160 F.3d 1223, 1227 (9th Cir. 1998); *see also, Russell v. Price*, 612 F. 2d 1123, 1128 (9th Cir. 1979) ("although derivative work may enter the public domain, the matter contained therein which derives from a work still covered by statutory copyright is not dedicated to the public).

Because direct copying is often difficult to prove, a plaintiff can satisfy the second element of the test for infringement by demonstrating that (a) a defendant had access to the allegedly infringed work and (b) the two works are substantially similar in both idea and expression of that idea. *See Narell v. Freeman*, 872 F.2d 907, 910 (9th Cir. 1989). However, where there is an admission of copying, the court need not employ the two part analysis. *Norse v. Henry Holt and Co.*, 991 F.2d 563, 566 (9th Cir. 1993); *Cordon v. Walker*, 1996 WL 672969 *3 (S.D. Cal. 1996). Here defendants admit that they copied the television series *Crusade in Europe* in making its series *Campaign in Europe*. Plaintiffs have submitted ample evidence demonstrating that

both the *Crusade* series and *Campaign* videos contained significant portions of the Book. (Finding of Fact 27) Moreover, defendants admit that "there are 'expressions' or 'statements' from the Eisenhower [sic] book (without reference to the Book) which are utilized" in their videos. (Defendants' memorandum in support of summary judgment or motion to dismiss at 4.) The Court finds that defendants' admission of copying the television series, which contained significant portions of the Book, is a sufficient admission of copying portions of the protected Book. Plaintiffs are entitled to summary adjudication of their copyright infringement claim.

B. Lanham Act Claim for Reverse Passing Off

"Section 43(a) of the Lanham Act[4] prohibits the use of false designations of origin and false representations in the advertizing and sale of goods and services," *Cleary v. News Corp.*; 30 F.3d. 1255, 1259 (9th Cir. 1994). Plaintiffs' claim is based on the defendants' sale of *Campaigns*; which they allege is substantially the *Crusade* television series; without proper identification of the television series. The Act's unfair competition prohibitions extend to "palming off" or "passing off" the selling of a good or service of one person's creation

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[4] Section 43(a) of the Lanham Act provides in part: Any person who... uses in commerce... any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person... shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act. Codified at 15 U.S.C. § 1125(a).

under the name or mark of another. *See Lamothe v. Atlantic Recording*, 847 F.2d 1403, 1406 (9th Cir. 1988); *Smith v. Montoro*, 648 F.2d 602, 604 (9th Cir. 1981).

Express reverse passing off occurs when one party obtains a second party's goods, removes the second party's name, and markets the product under its own name. *See Summit Mach. Tool Mfg Corp. v. Victor CNC Systems, Inc.*, 7 F.3d 1434, 1437 (9th Cir. 1993). As a matter of policy, reverse palming off

> "is wrongful because it involves an attempt to misappropriate or profit from another's talents and workmanship. Moreover, in reverse palming off cases, the originator of the misidentified product is involuntarily deprived of the advertising value of its name and of the goodwill that otherwise would stem from public knowledge of the true source of the satisfactory product."

Smith, 648 F.2d at 607. The practice is also misleading to consumers who are "deprived of knowing the true source of the product and may even be deceived into believing that it comes from a different source." *Id.*

1. Standing

As explained in Part VI, defendants assert that plaintiffs do not have standing to assert a claim under the Lanham Act. Even if the *Crusade* television series is in the public domain, plaintiffs are not precluded from asserting a claim. "The dispositive question is whether the party has a reasonable interest to be protected against false advertising." *Lamothe*, 847 F.2d at 1405. Plaintiffs are the producers and sellers of the *Crusade* video series. They are the holders of the

exclusive license to produce and distribute the *Crusade* television series on video. They have a clear interest in preventing defendants from misleading the public in the sales of the *Campaign* videos.

2. Standard for Reverse Passing Off

To prevail on their claim of reverse passing off plaintiffs must demonstrate that defendants' work is a "bodily appropriation" of the television series. *See Cleary*, 30 F.3d at 1261. "Bodily appropriation" is the "copying or unauthorized use of substantially the entire item." *Id.* citing *Harper House, Inc. v. Thomas Nelson, Inc.*, 889 F2d 197, 205 (9th Cir. 1989).

Defendants admit that they copied the entire *Crusade in Europe* series to create *Campaigns*. They modified *Crusade* by adding a new opening title sequence, chapter-heading sequences, credit page, music and closing. (Findings of Fact 22) They removed approximately twenty minutes of footage relating to the Book. (Findings of Fact 22) This is the sum total of changes made by defendants to the *Crusade* series in making the *Campaign* series. These minor changes are insufficient to avoid liability under the Lanham Act. *See Summit Mach. Tool Mfg Corp.*, 7 F.3d 1434, 1437 (9th Cir. 1993) citing *Robe Inc. v. Marquis* 902 F.2d 356, 359 (5th Cir. 1990) ("A defendant may also be guilty of reverse palming off by selling or offering for sale another's product that has been modified slightly and then labeled with a different name.").

The Court finds that defendants have copied substantially all of the television series. The Court also finds that defendants failure to identify the television series and the Book is misleading to the public; it gives the false impression

that the series contains only the work of those listed in the credits even though the television series was produced by Fox and Time and significant portions of the Book are used verbatim.[5] The Court concludes that defendants' series is a "bodily appropriation" of the television series. Plaintiffs are entitled to summary adjudication on their claim for reverse passing off.

C. Unfair Competition

Plaintiffs state that they are entitled to summary adjudication of their claim for unfair competition under California law. They state that the same facts demonstrating a violation of the Lanham Act are sufficient to demonstrate a violation of Cal. Business & Professional Code §§ 17200 and 17500. *See Summit Technology, Inc. v. High-Line Medical Instruments Co.*, 933 F. Supp 918 (C.D. Cal. 1996) (holding that facts supporting a party's claim for reverse passing off also support claims for unfair competition). Because the ultimate test under both is "whether the public is likely to be deceived or confused "the Court's finding that defendants' actions are misleading under the Lanham Act controls the resolution of the unfair competition claim. *See Cleary v.*

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[5] The Court observes that in response to one of plaintiffs' uncontroverted facts, defendants state that Anderson testified in his deposition that he put stickers stating "Contains Film Footage from the Previously Released *Crusade in Europe*" on some of the videos because he did not want a consumer to purchase the *Campaign* series if the customer had already purchased the *Crusade* series. Defendants did not provide the portion of Anderson's deposition containing this statement. Although not supported by proper evidence, this statement confirms the Court's conclusion that the two video series are similar enough "to cause confusion among consumers.

News Corporation, 30 F.3d at 255, 1262-63 (9th Cir. 1994) ("actions pursuant to California Business and Professions Code § 17200 are 'substantially congruent' to claims made under the Lanham Act"). Plaintiffs are entitled to summary adjudication of their claims for unfair competition under California law.

Because summary adjudication on each of plaintiffs' claims is proper, they are entitled to summary judgment.

D. Defendants' Counterclaims for Declaratory Relief and Unfair Competition

The Court's conclusion that Doubleday's copyright in the book is valid controls the resolution of defendants' counterclaims for declaratory relief and und fair competition. The Court grants summary judgment in favor of Fox, SFM, New Line and Random House on defendants' counterclaims.

VI. Defendant's Motion for Summary Judgment or Motion to Dismiss

Defendants moved for summary judgment on plaintiffs' claims for copyright infringement, reverse passing off under the Lanham Act and unfair competition under California law. In the alternative, defendants' moved to dismiss plaintiffs claims. Both motions are based on defendants' contention that plaintiffs do not have standing.

First, defendants allege that Doubleday is not the proprietor of the copyright to the Book. Defendants argue that because Doubleday is not the proper holder of the Book's copyright, it cannot state a claim for copyright infringement. The Court's conclusion in Part V.(A). controls the resolution of this issue on defendants' motions.

Next, Defendants contend that plaintiffs do not have standing to bring a Lanham Act claim on two grounds. First, because Time Inc. registered the original *Crusade* series, defendants assert that Time is the only proper plaintiff. Second, defendants assert that because Time's registration was not renewed, the series became part of the public domain. Accordingly, defendants contend that plaintiffs cannot allege unfair competition claims resulting from defendants' use of elements of a public domain work. Again, the Court's resolution in Part V.(B). controls. Defendants' motion for summary judgment or, in the alternative, to dismiss is denied.

VII. Conclusion

The Court grants summary judgment for plaintiff on their claims and for the counterdefendants on the counterclaims. Defendants' motion for summary judgment and alternative motion to dismiss are denied.

IT IS SO ORDERED January 4, 2000

/s/ Hon. Florence-Marie Cooper

United States District Judge

Supreme Court, U.S.
FILED
MAY 26 2006
OFFICE OF THE CLERK

No. 05-1259

IN THE

Supreme Court of the United States

DASTAR CORPORATION,
Petitioner,

v.

RANDOM HOUSE, INC.; TWENTIETH CENTURY FOX FILM CORPORATION; SFM ENTERTAINMENT, LLC; AND NEW LINE HOME VIDEO, INC.,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF IN OPPOSITION

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QUESTION PRESENTED

Whether certiorari should be granted to address an issue that has been settled in the lower courts for decades, involving a statute Congress has repeatedly amended without disturbing the longstanding judicial interpretation, where there is no conflict with any decision of this Court and where sudden reversal of the existing and uncontroversial legal regime would destroy settled expectations by upending innumerable business transactions premised on the existing regime.

RULE 29.6 STATEMENT

Respondent Twentieth Century Fox Film Corporation is a wholly owned subsidiary of the News Corporation, a publicly-traded company. Liberty Media Corporation, a public-traded company, has more than a 10% interest in the voting stock of News Corporation.

SFM Entertainment LLC has no parent company and no publicly held company owns more than 10% of its stock.

Respondent New Line Home Video, Inc., is a wholly owned subsidiary of New Line Cinema Corporation, which is a wholly owned subsidiary of Turner Broadcasting System, Inc., which is a wholly owned subsidiary of Historic TW, Inc., which is a wholly owned subsidiary of Time Warner, Inc., which is a publicly traded company.

Respondent Random House, Inc., is a wholly owned subsidiary of Bertlesmann Publishing Group, Inc., which is in turn owned by Bertlesmann, Inc., which is in turn owned by Bertlesmann A.G. Each of these companies is privately held. Groupe Bruxelles Lambert S.A., a company traded on the Brussels Stock Exchange, owns more than 10% of the stock of Bertlesmann A.G.

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INTRODUCTION AND SUMMARY

The petition for certiorari is meritless and should be denied. The question presented is whether the word "employer" as used in the "work for hire" provision of the Copyright Act of 1909 excludes a person who commissions work from an independent contractor. That question implicates no legal controversy of any kind. As the petition concedes, the circuits have firmly agreed for decades that an "employer" under the 1909 Act can commission a work for hire from an independent contractor, where the employer commissions and funds a particular work.

Petitioner's theory is that this longstanding construction of the 1909 Act's work for hire provision conflicts with decisions of this Court construing the word "employee" in accordance its common-law meaning, which refers to the traditional master-servant relationship and thus generally excludes independent contractor relationships. But petitioner ignores a critical – indeed dispositive – fact: the word used in the 1909 Act is not "employee" but "*employer*," and *every recognized common-law authority uses the term "employer" to describe the person who hires out work to an independent contractor*. Indeed, an entire chapter of the Restatement (Second) of Torts addresses the "Liability of an Employer of An Independent Contractor." Restatement (Second) of Torts ch. 15 (1965). Other common-law authorities likewise consistently use "employer" to identify the person who hires an independent contractor. This Court itself has used "employer" exactly the same way. Tellingly, petitioner cites not one common-law authority supporting its view that the term "employer" excludes independent contractor relationships. And contrary to petitioner's submission, *no* precedent of this Court – *not one* – has *ever* held that the word "employer" excludes a person who employs an independent contractor.

Simply put, the central premise on which the petition rests is unambiguously false. The longstanding, uniform

construction of the 1909 Act's work for hire provision is undeniably *consistent with the common-law meaning of the* term "employer" and with the decisions of this Court.

Even beyond the complete absence of any error or legal controversy justifying review, there are affirmative reasons the Court should *not* disturb the legal rule that has become so firmly settled. For decades copyright owners who are proprietors as employers of works-for-hire by independent contractors have renewed their copyrights – and licensed them to others – in reliance on the expectation that they are statutory authors of their works with their own renewal rights. If this Court now reverses the longstanding construction of the 1909 Copyright Act, it will necessarily disrupt those reliance interests, destroying valuable copyrights and collateral business arrangements with no notice or compensation.

What is more, petitioner's argument for radically revising the work-for-hire regime under the 1909 Act comes thirty years too late, and is directed to the wrong branch of government. In 1976, Congress completely overhauled the old Copyright Act, and significantly revised the statute's approach to work-for-hire status for newly created works. Like the 1909 Act, the 1976 Act allows a person to "author" a work by commissioning the services of an independent contractor – thus refuting petitioner's absurd suggestion that creating copyrighted works-for-hire through an independent contractor is categorically impermissible copyright policy. But unlike the 1909 Act, the 1976 Act explicitly specifies – and narrows somewhat – the circumstances under which a work produced by an independent contractor will be a work-for-hire. Importantly for this case, Congress applied this revised approach to work-for-hire *only* to works created after the effective date of the 1976 Act – Congress did *not* take the opportunity presented in the comprehensive 1976 reform to "correct" the courts' interpretation of the 1909 Act for works still governed by the old Act. Nor has Congress done so

since then, despite repeated amendments to the Act since 1976.

Thus the issue presented here is relevant only to the old Act – it has nothing to do with the *current* Act's work-for-hire provision – the issue affects only a rapidly-diminishing proportion of copyrighted works, i.e., those still copyrighted under the 1909 Act. Even more significant, however, is the simple fact that Congress, which is the Branch responsible for establishing copyright policy and which is fully capable of amending the 1909 Act as needed to "correct" an erroneous judicial interpretation, has not done so. Congress evidently does not consider the longstanding judicial construction of the 1909 Act work-for-hire either erroneous or bad copyright policy. This Court should not intervene to address a non-existent policy problem – any more than it should intervene to resolve a non-existent legal controversy. It is difficult to imagine a less worthy candidate for certiorari.

STATEMENT OF THE CASE

This case involves the continuing validity of the copyright to *Crusade In Europe* ("*Crusade*"), a memoir of World War II that General Dwight Eisenhower was commissioned to write in 1948 by Doubleday & Company, Inc. ("Doubleday," now succeeded by respondent Random House, Inc.). As both courts below found, and as petitioner now concedes, Doubleday "retained [Eisenhower] as an independent contractor to write [*Crusade*]." Pet. 7. The courts below further found that, as matter of fact, Eisenhower firmly intended Doubleday to own the copyright *ab initio* as proprietor of a "work for hire," in accordance with the 1909 Copyright Act, which makes the proprietor of a work for hire the statutory "author" of the work. Accordingly, Doubleday exercised its right as author to renew the copyright in *Crusade* in 1975, after Eisenhower died. Petitioner subsequently challenged the validity of the renewal as a defense to an infringement action, arguing that because Eisenhower was an independent

contractor rather than a traditional employee, *Crusade* could not have been a work for hire, despite the parties' contrary intentions. Because Doubleday therefore was not the statutory "author," petitioner claimed, Doubleday lost its renewal right upon Eisenhower's death. The courts below rejected petitioner's argument, on the basis of long-settled, uncontroversial doctrine under the 1909 Act's work for hire provision.

A. Statutory Background

The 1909 Copyright Act governs only works published before January 1, 1978, the effective date of the 1976 Copyright Act overhaul of the nation's copyright laws. All works created since that date are governed by the 1976 Act. The issue in this case will no way affect construction of the work-for-hire provision of the 1976 Act.

Under the 1909 Act, copyright could be secured for "all the writings of an author." 17 U.S.C. § 4 (1976). Under the Act, an "author" was entitled to a copyright for an original 28-year period, and an additional 28-year "renewal" period. *Id.* § 24. An author could assign both his original copyright and his renewal right, but if the author died before the renewal period began, his right to renew reverted to his family, regardless whether there had been an assignment, leaving any putative assignee of the renewal right with nothing. *See Stewart v. Abend*, 495 U.S. 207, 219-21 (1990).

The 1909 Act defined the statutory term "author" to "include an employer in the case of works made for hire." 17 U.S.C. § 26 (1976). It also specifically provided that "in the case of . . . any work copyrighted by . . . an employer for whom such work is made for hire," the author/employer was entitled to renewal rights without the encumbrance of the family reverter. *Id.* § 24. Sections 24 and 26 of the 1909 Act thus made clear that an "employer" in the case of a "work for hire" was a statutory "author" with full rights in both the original copyright and the renewal term.

As the petition acknowledges, since 1965 the courts have recognized that a person may be an "employer" within the meaning of the 1909 work-for-hire provision – and therefore the statutory "author" – when the work is produced by an independent contractor, where the circumstances indicate that the parties intended the commissioning party to own the copyright as the author *ab initio*. Pet. 15-17; *see also* Pet. App. 18a-19a, 26a. No court anywhere holds that production of a work-for-hire under the 1909 Act could be arranged only by establishing a traditional employer-employee relationship, with all the details and legal burdens such a relationship entails. For decades, the uniform view of the courts has been that when a person specifically commissions an independent contractor to produce a particular work, and bears all the contractor's expenses for producing the work (the "instance and expense" test), the parties are presumed to have intended that work be produced as a work-for-hire – a presumption that can be rebutted by evidence establishing that the parties actually intended the contractor to own the initial copyright as the statutory "author" under the 1909 Act. *See May v. Morganelli-Heumann & Assocs.*, 618 F.2d 1363, 1368 (9th Cir. 1980) ("the doctrine is based on the presumed mutual intent of the parties, and does not operate as a matter of law").

B. Factual Background

1. As the district court found, on the basis of an enormous record and in factual findings citing meticulously to that record, Eisenhower wrote *Crusade* as a work for hire, fully intending for Doubleday to own all rights of every kind in *Crusade*. Pet. App. 53a-71a. Specifically, the court found that Doubleday not only persuaded and commissioned Eisenhower to write *Crusade*, *id.* at 53a-60a, but provided him with enormous financial and human resources, to facilitate his writing the Book on a very compressed schedule, *id.* at 63a-66a; *see also id.* at 12a. As the district court also noted,

Eisenhower himself insisted that, as the only condition of his writing the book, all publishing rights be vested in Doubleday, so that Eisenhower would not be bothered with such issues. *Id.* at 56a, 62a. Eisenhower never asserted any claim to copyright in *Crusade* – though he did for other books *not* written as works for hire – and John Eisenhower specifically informed petitioner that he and the family did not believe that Eisenhower or his family had any renewal rights, or rights of any kind, in *Crusade*. *Id.* at 71a.

2. Consistent with the parties' agreement, Doubleday registered the copyright to *Crusade* in its own name in 1948, and renewed the copyright in its own name in 1975. *Id.* at 70a. Doubleday also licensed the exclusive rights to reproduce *Crusade* in video form to Twentieth-Century Fox Film Corporation ("Fox"), which produced an acclaimed television series based on the Book, also called *Crusade In Europe*. *Id.* at 13a. Fox later sublicensed to respondent SFM Entertainment, LLC ("SFM") the right to distribute the *Crusade* series on videocassette, and SFM in turn sublicensed to respondent New Line Home Entertainment, Inc. ("New Line"), the exclusive right to reproduce the television series on home videocassette. *Id.*

3. In 1995, petitioner produced and began distributing a nearly-verbatim copy of the series on its own videocassettes, called *Campaigns In Europe* ("*Campaigns*"). *Id.* As petitioner concedes, its series "included much of the narration from the television series, and hence much of the text from Eisenhower's book." Pet. 8. This action followed.

C. Proceedings Below

The initial complaint filed in this case alleged that *Campaigns* infringed Fox's exclusive rights to copy and distribute *Crusade* in video form. An amended complaint added a claim under the Lanham Act, asserting that petitioner falsely represented the origin of *Campaigns* by holding itself out as the sole creator of the series.

After extensive discovery, the district court granted respondents' motion for summary judgment, finding petitioner liable both for copyright infringement and for misrepresenting the origin and nature of *Campaigns*. The Ninth Circuit affirmed the Lanham Act ruling but reversed summary judgment on the copyright claim, finding a disputed issue of fact as to whether Eisenhower intended *Crusade* to be written as a work for hire. This Court subsequently reversed the Lanham Act ruling, but did not address any aspect of the remanded copyright claim. *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28 n.2 (2003) ("The copyright issue is still the subject of litigation, but is not before us. We express no opinion as to whether petitioner's product would infringe a valid copyright in General Eisenhower's book.").

On remand, the district court conducted the trial and fact-finding required by the court of appeal. After hearing testimony from Eisenhower's longtime personal assistant – petitioner called no witnesses – and reviewing an extensive documentary record, including much written in Eisenhower's own hand, the district court answered the question left open by the summary judgment record: Eisenhower clearly intended Doubleday to own the initial copyright in *Crusade* as the proprietor of a work for hire. To assess the parties' intent, the court applied the approach followed by every circuit that has considered whether a work produced by a person other than a traditional employee is a work for hire. Under that approach, any clear expression of the parties' intentions governs – as it obviously must – but in the absence of clear evidence as to what the parties actually intended, the court presumes that the parties intended that the person who motivated and paid for the production of the work would own the initial copyright as proprietor of a work for hire. Pet. App. 72a-85a.

In this case, the district court found substantial evidence that the parties actually intended Doubleday to own the

copyright as statutory author: not only was *Crusade* written at Doubleday's instance and expense, but significant documentary evidence – including Eisenhower's own words – confirmed that Eisenhower did not want to own any publishing rights at all in the Book. *Id.* at 53a-71a.

On a second appeal, the Ninth Circuit affirmed. The court rejected petitioner's claim that *Crusade* "cannot be a work-for-hire" simply because Eisenhower "authored the book as an independent contractor" and thus "Doubleday was not his 'employer.'" *Id.* at 17a-18a. The court noted that petitioner's argument would "overturn forty years of established case law" in the Ninth Circuit and contradicts decisions in numerous other circuits rejecting the same argument. *Id.* at 19a. The court further held that, as a matter of fact, the record amply supported the district court's finding that Eisenhower and Doubleday actually intended *Crusade* to be a work for hire, "where General Eisenhower need never be concerned with the rights to the book." *Id.* at 28a. Judge Nelson dissented, arguing that the record did not support the district court's factual determination as to the parties' actual intent, but she did not question the court's holding that the 1909 Act is now properly interpreted as permitting the creation of works-for-hire by independent contractors when the facts do show that the parties actually intended such a result. *See id.* at 36a.

Petitioner sought en banc review, limited to petitioner's theory that the Act's use of the term "employer" categorically precludes creation of a work for hire by any independent contractor under any circumstances. The en banc petition was denied, with no judge requesting a poll. *Id.* at 4a. This petition followed.

REASONS FOR DENYING THE PETITION

A. The Court Of Appeals' Decision Applies Long-standing, Settled Law And Conflicts With No Decision Of This Or Any Other Court

1. Petitioner concedes that the decision below applies a legal rule – an independent contractor may produce a work-for-hire under the 1909 Act in certain circumstances – that is firmly settled in the lower courts: "All courts of appeal which have addressed the matter now subscribe to the view [followed by the decision below]." Pet. 19 (citing decisions from the First, Second, Fourth, Fifth, Seventh, Eleventh and D.C. Circuits); *see id.* at 3 (noting that rule is "received wisdom" in all courts). Moreover, as petitioner acknowledges, this understanding of the 1909 Act's work-for-hire provision "took firm hold" in the circuits more than 30 years ago. *Id.* at 17. Petitioner gamely pretends that the total lack of any controversy in the lower courts over the issue presented is a reason to *grant* certiorari, *id.* at 21, but petitioner well knows the opposite is true.

2. Lacking any remotely plausible circuit conflict on which to rest its case for certiorari, petitioner tries to manufacture a conflict with this Court's decisions. This strategy is, of course, standard fare for petitioners who lack any serious basis for review of an adverse decision, but it satisfies this Court's stringent test for certiorari only in rare circumstances:

> Lawyers . . . are likely to regard any case they have lost in a lower court as necessarily in conflict with some Supreme Court decision or doctrine; that is what makes the ruling below arguably "erroneous." But such a loose reading of the Rule 10(c) reference to a decision "in conflict with applicable decisions of this Court" does not satisfy the Court's own understanding of what constitutes a conflict of this nature. To justify a grant of certiorari, the conflict must truly

> be direct and must be readily apparent from the lower court's rationale or result.

Robert L. Stern, et al., *Supreme Court Practice* 233 (8th ed. 2002). The asserted conflict in this case is neither truly direct nor readily apparent – it is utterly nonexistent.

According to petitioner, this Court's precedents have adopted a "rigidly enforced regimen" for interpreting the word "employer" as it appears in federal statutes. Pet. 4. The word is to be interpreted according to its common-law meaning, and, petitioner claims, this Court's precedents uniformly hold that the common-law meaning of "employer" categorically excludes a person who commissions work from an independent contractor. *Id.* at 4, 10-15.

But no such precedents exist. As careful scrutiny of the petition reveals, every single case cited as "instruct[ing]" courts to "exclude commissioning relationships when interpreting 'employer'" in federal statutes (*id.* at 21) is actually instructing courts in the proper interpretation of the distinct term of art "employee." *See, e.g.*, *id.* at 12 ("This Court has relied on the common-law test to distinguish between 'employee' and 'independent contractor' in construing '*employee*' in several statutes." (emphasis added) (citing cases exclusively construing 'employee"); *id.* at 14 ("In other contexts the Ninth Circuit acknowledges that 'we are directed by Supreme Court precedent to apply the common law definition of the term '*employee*.'" (emphasis added) (quoting *Guthart v. White*, 263 F.3d 1099, 1105 (9th Cir. 2001)); *id.* at 15 n.6 (citing six precedents, all construing the word "employee").

As this Court's cases have made clear, the word "employee" does indeed have a distinct common-law understanding, one generally defined by the master-servant test applied in agency law, which distinguishes "employees" from "independent contractors." *See Nationwide Mut. Ins. Co. v. Darden*, 503 U.S. 318, 325 (1992). But contrary to

petitioner's bald assertion, this Court's cases have *never* construed the "cognate" word "employer" as excluding an independent contractor relationship. The reason is simple: as every leading common-law authority recognizes, *the word "employer" includes a person who hires an independent contractor*:

- The *Restatement (Second) of Torts* devotes an entire chapter to the "Liability of an *Employer of An Independent Contractor*." Restatement (Second) of Torts ch. 15, §§ 409-429 (1965) (emphasis adedd).

- The classic 19th century common-law treatise *Thompson on Negligence* defined an "independent contractor" as "'one who renders service in the course of an occupation, representing the will of his *employer* only as to the result of his work, and not as to the means by which it is accomplished.'" *Gayle v. Missouri Car & Foundry Co.*, 76 S.W. 987, 992 (1903) (emphasis added) (quoting treatise); *Jahn's Adm'r v. Wm. H. McKnight & Co.*, 78 S.W. 862, 863 (Ky. 1904) (same).

- Common-law precedents contemporaneous with the 1909 Act routinely describe the person who hires an independent contractor as the "employer" of the independent contractor.[1]

- The chapter of the common-law cyclopedia *American Jurisprudence* addressing "Independent Contractors" refers throughout to the hiring party as the "employer" of the independent contractor. *See, e.g.*, 41

[1] There are too many to cite in full, but a sample includes those just cited, as well as *De Forrest v. Wright*, 2 Mich. 368, 369-70 (1852); *State v. Swayze*, 18 A. 697, 697-98 (N.J. 1889); *Hexamer v. Webb*, 4 N.E. 755, 758 (N.Y. 1886); *City of Tiffin v. McCormick*, 34 Ohio St. 638, 642 (1878); and *Rogers v. Florence*, 9 S.E. 1059, 1061 (S.C. 1889).

Am. Jur. 2d *Independent Contractors* §§ 8, 14, 19, 47 (2005).

- The *Restatement (Second) of Agency* defines an "independent contractor" as a "person[] for whose conduct . . . the *employer* is not responsible except in the performance of nondelegable duties." Restatement (Second) of Agency § 2 cmt. b (1958) (emphasis added).

Even more significant for present purposes, this Court's own decisions have *repeatedly* referred to the person who hires an independent contractor as an "employer." These include decisions issued in the common-law era, *see Robbins v. Chicago City*, 71 U.S. (4 Wall.) 657, 666-67 (1867) ("Few persons possess the skill to build a house. A particular class of persons must, to a greater or less degree, be intrusted with the execution of such a work. And the more completely the execution of it, and the manner of doing it, are placed by the employer in the hands of skilful and independent contractors, the more fully has he performed his duty to the public."); *St. Paul Water Co. v. Ware*, 83 U.S. 566, 576-77 (1872), and a decision issued well after *Darden*, *see Meyer v. Holley*, 537 U.S. 280, 290 (2003) (referring to liability "the law might impose in certain special circumstances upon a principal or employer that hires an independent contractor").

It is thus hardly "folly" or a "bizarre polarity" to state that Doubleday was Eisenhower's "employer" even though Eisenhower was not Doubleday's "employee." Pet. 20. Doubleday "employed" him as an independent contractor – a perfectly common word usage. It is petitioner's folly to ignore the use of the word "employer" in the relevant common-law authorities and decisions of this Court.

2. Instead petitioner relies primarily on two decisions of this Court ostensibly holding – in the face of the authorities just cited – that "[t]he common law conception of the word 'employer' excludes commissioning relationships" (Pet. 4):

Clackamas Gastroenterology Assocs., P.C. v. Wells, 538 U.S. 440 (2003) and *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989) ("*CCNV*"). Unsurprisingly, neither case holds anything such thing.

In the single footnote petitioner repeatedly cites from *Clackamas* (Pet. 4, 12), the decision merely quotes at length *Darden*'s "common-law test for determining whether a hired party is an *employee*." 538 U.S. at 445 n.5 (emphasis added). To the extent the remainder of the decision addresses the concept of "employer," it is simply to distinguish that concept from an "employee," because the issue in the case was whether a shareholder-director is an "employer" or an "employee." The very footnote petitioner cites makes clear that the case has nothing to do with "drawing a line between independent contractors and employees." *Id.*

Petitioner's use of *CCNV* is even more improper. According to petitioner, *CCNV* holds that "under the common law 'employer' refers to 'the conventional master-servant relationship as understood by common-law agency doctrine.'" Pet. 4 (quoting 490 U.S. at 739-40). But the quoted passage from *CCNV* actually says this: "[W]hen Congress has used the term *'employee'* without defining it, we have concluded that Congress intended to describe the conventional master-servant relationship as understood by common-law agency doctrine." 490 U.S. at 739-40 (emphasis added). *CCNV* is thus consistent with *Darden* and every other case cited in the petition: it holds that the common-law term of art "employee" refers to the master-servant relationship, but says nothing whatsoever about the common-law meaning of the broader term "employer."

Petitioner suggests otherwise, but cannot bring itself to make such an absurd reading of *CCNV* openly. Petitioner thus tries to hide in a parenthetical its only support for the most critical passage in the entire petition, *viz.*, that "[t]he cognate 'employer' has the same meaning" as "employee,"

presumptively connoting a master-servant relationship. Pet. 12. But, again, the quote petitioner provides from *CCNV* says no such thing: "when we have concluded that Congress intended terms such as 'employee,' 'employer,' and 'scope of employment' to be understood in light of agency law, we have relied on the general common law of agency, rather the law of any particular State, to give meaning to these terms." *Id.* (quoting *CCNV*, 490 U.S. at 740-41). At most this passage says the general common law of agency is to give meaning to the term "employer" – and as shown above, the general common law authorities clearly hold that the term" employer" includes one who hires an independent contractor. In any event the passage does not even state that general agency law principles must always give meaning to the term "employer" – it says only that such principles must govern *over the law of any particular State*, in those situations where agency law is applicable at all. And in none of the cases cited in *CCNV* did the Court actually construe the term "employer" – every case involved the word "employee" or the phrase "scope of employment."

Of course, if the Court's precedents did dictate application of agency law to construction of the term "employer," then it would naturally include independent contractor relationships, as explained above. Every court has construed the 1909 Act's work-for-hire provision consistently with the common-law definition of "employer," in other words.

Petitioner's other effort to suggest that *CCNV* actually construes the word "employer" is relegated to a footnote, where petitioner simply states that *CCNV* "in reality construed 'employer' as well as 'employee.'" Pet. 20 n.8. But as support for this seemingly critical proposition, petitioner cites only page 732 of the *CCNV* opinion, which consists of nothing more than the introductory paragraph of the opinion describing the issue presented. The word "employer" appears nowhere in the paragraph. Nor does any other aspect

of *CCNV* address the proper construction of the word "employer" under the 1909 Act or any other statute, or suggest in any way that the term excludes the employment of an independent contractor.

The reality is that petitioner does not and cannot cite any decision of this Court contradicting the many common law authorities holding that an "employer" may "employ" an "independent contractor." The decision below, like every other circuit court decision to have addressed the issue, is fully consistent with the common law use of the term "employer" and consistent with the decisions of this Court.[2]

B. The Settled Construction Of The 1909 Act's Work For Hire Provision Does Not Reflect Unsound Or Impermissible Copyright Policy

Petitioner purports to disdain "policy-oriented techniques" for construing the word "employer" in federal statutes. Pet. 21. But on the very next page, petitioner – having roundly ignored the common-law authorities that should be the heart of its argument – launches a set of purely policy-based attacks on the settled judicial construction of "employer" in the 1909 Act work-for-hire provision. Pet. 22-25.

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[2] Contrary to the amicus brief submitted by Malla Pollack, the 1976 Act's distinct work-for-hire provision casts no doubt on the settled, pre-existing construction of the 1909 Act's provision. If anything, the 1976 amendment confirms the preexisting doctrine under the 1909 Act, by codifying the existing policy that independent contractors may be employed to create works for hire. The difference is that the 1976 Act explicitly codifies a distinction between works made by "employees" and those made by independent contractors, and narrows the circumstances under which works made by the latter will be deemed works for hire. Nothing about the text or history of the 1976 Act indicates that the word "employer" in the 1909 Act excludes works made by independent contractors, or that Congress intended to *expand* the circumstances under which works for hire can be created, by opening the field up to previously excluded independent contractors.

Those attacks are not only misplaced for the reason petitioner itself cites, they are also substantively incorrect.

Petitioner's main policy critique is the conclusory observation that "transforming a commissioned work into a work for hire 'unduly protects the employer's entrepreneurial idea at the expense of the artist's creative labor.'" Pet. 16 (quoting *Dumas v. Gommerman*, 865 F.2d 1093, 1096 n.5 (9th Cir. 1989)).[3] But it is hardly clear why the balance is automatically unfair to the artist. As Judge Friendly explained in the "famous[]" opinion petitioner cites (and misunderstands), Pet. 25, in the situation of an "independent contractor commissioned to create a work of art," it is "not unreasonable to assume in the absence of contrary proof that the parties expected the purchaser to wind up owning the work lock, stock, and copyright and that the artist set his price accordingly." *Scherr v. Universal Match Corp.*, 417 F.2d 497, 502 (2d Cir. 1969) (Friendly, J., dissenting); *see also May*, 618 F.2d at 1368 (quoting Judge Friendly's formulation). And because "economic philosophy behind the [Copyright] [C]lause . . . is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors," *Mazer v. Stein*, 347 U.S. 201, 219 (1954), allowing an independent

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[3] Petitioner is much impressed by the fact that this brief observation appeared a Ninth Circuit decision, as if this single footnote reflected grave doubts within the circuit about the wisdom of its rule. In fact, the quoted statement is merely describing the basic reason Congress decided to adopt a *new* rule for the 1976 Act's work-for-hire provision, which itself allows commissioned works to be "transformed" into works for hire, despite the artist's own "creative labor." The new rule shifted the balance, in other words, but it did not outright preclude the creation of works for hire by independent contractors, and nothing in *Dumas* suggests that such a concept is inherently "abhorrent," as petitioner contends (Pet. 16). Indeed, as explained in the text, the Ninth Circuit later endorsed Judge Friendly's explanation of the policy virtues of rebuttably presuming that a work inspired and funded by another was intended to be a work for hire.

contractor to in effect "sell" his full authorship rights to obtain a higher price for his creative labor is wholly consistent with the constitutional policies underlying copyright law, as Judge Friendly recognized, *see Scherr*, 417 F.2d at 502.

Certainly nothing in Judge Friendly's *Scherr* opinion supports petitioner's preposterous suggestion that the long-standing construction of the 1909 Act's work for hire provision might render the provision unconstitutional. No court anywhere has ever cast doubt on the constitutionality of the 1909 Act work-for-hire provision as it has long been construed. Petitioner's entire constitutional argument relies on a single sentence in Judge Friendly's dissenting opinion in *Scherr*, but petitioner badly misunderstands that sentence. Judge Friendly observed only that the Constitution might not allow Congress to "grant employers the exclusive right to the writings of employees *regardless of the circumstances*." *Scherr*, 417 F.2d at 502 (emphasis added). As the italicized phrase indicates, Judge Friendly merely emphasized that Congress may not be able to make all works created by "employees" *automatically* works for hire. The next sentence clarifies his point: "[I]n order to be constitutionally viable, [§] 26 must be limited to instances where an assignment of future copyright *may fairly be implied*." *Id.* (emphasis added). Judge Friendly then goes on to explain why it *is* fair to infer that an independent contractor commissioned to create a work intended to vest the copyright in the commissioning party: absent contrary evidence, it may be presumed that the artist "set his price" to reflect the work-for-hire copyright vesting. *Id.* This case illustrates Judge Friendly's point: overwhelming evidence confirms that Eisenhower set his price for writing *Crusade* on the explicit assumption that he would *not* possess any rights of any kind in the published work. *See, e.g.*, Pet. App. 28a, 56a. Respect for the artist's freedom to negotiate his own beneficial economic arrangement is exactly why Judge Friendly believed that the rule

followed by the decision below reflects valid and constitutional copyright policy. *See Scherr*, 417 F.2d at 502.[4]

C. Petitioner's Policy Arguments Are Properly Directed To Congress

To say that the policy reflected in the 1909 Act's work-for-hire provision is sound is not to say, of course, that it is the only conceivable copyright policy Congress could adopt. And in the 1976 revision to the Act, Congress did indeed decide to adopt a revised approach to work-for-hire for newly created works. But Congress did not outright bar commissioning parties from assuming copyrights as proprietors of works-for-hire on the ground – asserted as constitutional imperative by petitioner here – that commissioning parties are worthless and that only actual creators deserve copyright protection. To the contrary, Congress made clear that independent contractors *can* be commissioned to create works-for-hire, so long as their intent to vest copyright in the commissioning party is expressed in writing.

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[4] Other than misplaced reliance on Judge Friendly's *Scherr* opinion, petitioner's only support for its frivolous constitutional argument is the lazy insult that those who motivate and fund creative works by independent contractors are a bunch of "untalented movers and shakers." Pet. 24. The factual basis for this claim is a mystery, but even if there were any merit to it, petitioner does not even attempt to explain why an employer of an "employee" is necessarily more talented or creative than an employer of an independent contractor. (Indeed, a person who affirmatively seeks out the creation of a particular work by a particular person is more likely to have his or her own creative vision than is the master of a hundred servants producing, say, corporate ad copy.) If the personal creativity of the employer is all that matters, in other words, then *any* work-for-hire provision would be invalid. Petitioner concedes that its point proves this much – which is far too much – citing a law review article questioning the constitutionality of *all* work for hire concepts. Pet. 25 n.9. Petitioner's view that employers are all untalented hacks does absolutely nothing to show how the 1909 Act should have been construed to allow only the involuntary creation of works-for-hire by employee drones, but not the voluntary creation of works for hire by specially commissioned independent contractors.

Notably, however, Congress did not make that change with respect to works created under the 1909 Act – even though, by the time of the 1976 Act, the "instance and expense" presumption for assessing the intent of parties to an independent contractor relationship test had become firmly rooted doctrine in the courts. Pet. 17. If Congress believed the courts' interpretation of the 1909 Act was wrong, and upset the carefully balanced expectations of parties operating under that statute, Congress easily could have amended the work-for-hire provision of the old Act for works still governed by that statute. Yet Congress not only declined to "correct" the courts' construction of the 1909 Act's work-for-hire provision in the 1976 overhaul, it has repeatedly declined to do so in subsequent amendments to the statute as well. *See, e.g.*, Work Made for Hire and Copyright Corrections Act of 2000, Pub. L. No. 106-379, 114 Stat. 1444; Copyright Term Extension Act of 1998, Pub. L. No. 105-298 § 102, 112 Stat. 2827; Copyright Renewal Act of 1992, Pub. L. No. 102-307 § 102, 106 Stat. 264.

Congress's longstanding acquiescence in the courts' even longer-standing approach to work-for-hire under the 1909 Act, while perhaps not decisive in and of itself, deserves substantial respect. *See Monessen Sw. Ry. Co. v. Morgan*, 486 U.S. 330, 338 (1988) ("we have recognized that Congress' failure to disturb a consistent judicial interpretation of a statute may provide some indication that Congress at least acquiesces in, and apparently affirms, that interpretation" (alterations and internal quotation marks omitted)). After all, "it is Congress that has been assigned the task of defining the scope of [rights] that should be granted to authors or to inventors in order to give the public appropriate access to their work product." *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984). Now that the lower courts have conclusively determined that the 1909 Act defined the scope of authorship rights to include the commissioning of works by independent contractors – and for decades private

parties have developed economic expectations around that settled rule – this Court should not intervene to revise that policy and imprint a radical new one onto the statutory text.

If Congress believes the courts should be interpreting the term "employer" in the 1909 Act contrary to its accepted common-law meaning as including the employer of an independent contractor, Congress can amend that statute, and decide for itself how to address the major reliance problems and transition issues that such policy reversal would entail, as discussed in the next section.

D. Reliance Interests Counsel Against Intervention By This Court

The expectations and reliance interests formed around the longstanding judicial interpretation of the 1909 Act's work-for-hire provision militate strongly against intervention by this Court. For decades, owners of copyrights in works-for-hire created by independent contractors have operated under the assumption that their renewed copyrights are valid. Many of these works – such as *Crusade* – have significant value not only to their copyright proprietors, but to many others as well. As this case illustrates, deals have been made, rights have been licensed and sublicensed, and products have produced, all on the expectation that underlying copyrights remain valid.

A sudden reversal of the rule applied below would instantly destroy all those expectations. It would plunge an untold number of works into the public domain, with no notice or compensation to those who have organized economic affairs work-for-hire copyrights they thought were properly renewed. Licensing deals would be have to be unwound, and book or video runs would have to be canceled, as the economic value of exclusivity suddenly evaporated.

Petitioner ignores all those reliance interests, arguing gamely that reliance interests actually favor an abrupt rejec-

tion of the decades-long understanding of the 1909 Act work-for-hire provision. But the reliance interests petitioner cites pale by comparison to those discussed above, if they exist at all anymore. The reliance interest petitioner cites are those of independent contractors who, before the mid-1960s, were paid to create works on commission, and who relinquished copyrights upon creation of the work without making sufficiently clear that they actually expected to retain a family reverter renewal right down the road. But the fact is that there is *no person with such reliance interests living today*: this issue arises only when the creator of the work *has already died*, because an assignee of a copyright may renew while the creator is alive. *Stewart v. Abend*, 495 U.S. 207, 219-20 (1990). So at best the reliance interest asserted by petitioner can inhere only in some surviving family member of such a person somewhere, chafing because someone else renewed a copyright a deceased relative relinquished long ago. And there are almost certainly no such persons out there either, inasmuch as any dispute over ownership of the renewal right would have arisen at the time of renewal.[5]

The real reliance interests in this case are those that have arisen around seemingly valid copyrights – interests with tangible and significant value, involving real and identifiable people, and actual, ongoing business transactions. Those interests unambiguously favor maintaining the existing 1909 Act work-for-hire legal regime, which is – as even petitioner concedes – clear, settled and uniform.

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[5] The Pollack brief cites the interests of those who would exploit "orphaned" works, i.e., works whose copyright owner cannot be identified. Pollack Br. 6-7 & n.4. But this case has nothing to do with "orphaned works" – the owner of a renewed copyright is perfectly easy to identify from the renewal registration. And because the rule at issue here is already settled and clear, there is no existing doubt as to the legitimacy of that ownership.

CONCLUSION

For the foregoing reasons, the petition should be denied.

Respectfully submitted,

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No. 05-1259

In the Supreme Court of the United States

DASTAR CORPORATION,

Petitioner,

v.

RANDOM HOUSE, INC., TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT, LLC AND NEW LINE HOME VIDEO INC.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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STATEMENT PURSUANT TO RULE 29.6

Dastar's corporate disclosure statement was set forth at page ii of the Petition for a Writ of Certiorari, and there are no amendments to that statement.

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I. THE "INSTANCE AND EXPENSE" TEST CONFLICTS WITH THE COURT'S INTERPRETATION OF "EMPLOYER."

A. The Court Construes "Employer" in Tandem With Other "Employ" Cognates.

Respondents persist in their quixotic position that "employer" and "employee" are not complements. But their theory flies in the face of this Court's decisions and common sense alike. Pet. at 19-21. Despite the opposing brief's length and tone, the position remains untenable.

Respondents excerpt a treatise discussing conflicts between circuit decisions and precedents of the Court. Br. Opp'n at 9-10. What the excerpt omits shows that the clash between the "instance and expense" test and this Court's jurisprudence is a proper basis for plenary review: "A direct conflict between the decision of the court of appeals of which review is being sought and a decision of the Supreme Court is one of the strongest possible grounds for securing the issuance of a writ of certiorari." R. Stern et. al, SUPREME COURT PRACTICE 232 (8th ed. 2002)(emphasis added). Because lower courts generally do not explicitly refuse to follow a precedent of the Court, such a conflict need only be "apparent." Id., at 232-33.

Asserting that the "apparent" conflict is illusory, respondents boldly pronounce that "no precedent of this Court – not one – has ever held that the word 'employer' excludes a person who employs an independent contractor." Br. Opp'n at 1 (emphases in original). In fact every relevant decision does what respondents say the Court has never done. Correlatively, the Court has never endorsed respondents' expansive interpretation.

• Respondents assert that CCNV v. Reid, 490 U.S. 730 (1989), "holds that the common-law term of art 'employee' refers to the master-servant relationship, but says nothing whatsoever about the common-law meaning of . . . 'employer.'" Br. Opp'n at 13. In reality CCNV, which construed work for hire legislation, is telling evidence that the Court construes cognates of "employ" in lockstep.

In CCNV the Court granted certiorari to resolve a conflict "over the proper construction of the 'work for hire' provisions" – in the plural – of the 1976 Copyright Act. Id., at 736. The Court framed its task by stating "we must construe" §§101 and 201(b) of the statute. Id., at 732. "Employee" and "scope of employment" appear in §101 (a work is "for hire" if it is "a work prepared by an employee within the scope of his or her employment"), id., at 738, and "employer" appears in §201(b)(in regard to a work for hire "the employer or other person for whom the work was prepared is considered the author"). Id., at 737.

Br. Opp'n at 14 discounts the Court's outline of the scope of the case as "nothing more than the introductory paragraphs of the opinion describing the issue presented." But the fact that the outline appeared near the beginning of the opinion is not a reason to reject the Court's own statement of what it "must construe."

Further, CCNV proceeded to consider the meaning of not just "employee," but also "employer" and "scope of employment," as promised. It construed the three statutory variants of "employ" mutatis mutandis, in the same manner

that all "terms such as" them must be construed. Id., at 740.[1] The result was a narrow common law "reading of the undefined statutory terms" -- in the plural. Id., at 743 (emphasis added). The "statutory terms," the Court held, denote "the conventional relation of employer and employee," id., at 740, or the "employment relationship" in the common law sense. Id., at 752.

• Nationwide Mut. Ins. Co. v. Darden, 503 U.S. 318 (1992), also illustrates the Court's practice of reading the cognates in tandem. According to Br. Opp'n at 13, Darden too "says nothing whatsoever about the common-law meaning of . . . 'employer.'" But as with CCNV respondents' cramped reading of Darden is tendentious.

Darden construed Employee Retirement Income Security Act of 1974, 29 U.S.C. §1002(6), which defines "employee" as "any individual employed by an employer." Id., at 323. The opinion observed that this definition is "nominal," "completely circular and explains nothing." Id.

Since "any individual employed by an employer" furnished an unilluminating definition of "employee," Darden relied on the common law of agency in concurrently construing the equally undefined "employee" and "any individual employed by an employer." Id. The decision reiterated the canon that Congress is presumed to intend "an agency law definition for 'employee'" - as defined by reference to "employer" -- "unless it clearly indicates otherwise." Id., at 325.

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[1] For instance, one of the authorities CCNV relied on is Robinson v. Baltimore and Ohio Railroad Co., 237 U.S. 84, 94 (1915), CCNV, 490 U.S. at 740, which so construed "employed."

- A final example is Clackamas Gastroenterology Associates, P.C. v. Wells, 538 U.S. 440 (2003). Br. Opp'n at 13 states that it also is silent on whether "employer" and "employee" have matching meanings. But again respondents' reading cannot be squared with the decision.

Like Darden, Clackamas Gastroenterology Associates, P.C. construed a circular definition of "employee," in Americans with Disabilities Act, 42 U.S.C. §1211(4), which "simply states that an 'employee' is 'an individual employed by an employer.'" Id., at 444. The issue was not "drawing a line between independent contractors and employees," but "whether a shareholder-director is an employee." Id., at 445. As a result, the specific set of common law factors for making the employee/independent contractor distinction was "not directly applicable." Id. The Court applied a somewhat different set of factors to determine "whether a shareholder-director is an employee." Id., at 449. In doing so it interpreted "employee" and "employer" in the statute's circular definition in tandem. Id.

In short, respondents' position would not only "be hard to reconcile with our previous decisions," Dastar Corp. v Twentieth Century Fox Film Corp., 539 U.S. 23, 36 (2003), it is flatly incompatible with them. The "apparent" clash between the "instance and expense" test and the Court's interpretation of "employer" is not an illusion. It cannot be explained away by excising "employer" from the narrow common law construction governing "employee," "scope of employment," "employed" and other locutions in the "employ" family.

B. Respondents' "Counterexamples" Are Inconsequential.

Br. Opp'n 1 trumpets that "every recognized common-law authority uses the term 'employer' to describe the person who hires out work to an independent contractor." (Emphasis in original.) This grandiose coming attraction overbills substantially what the opposing brief delivers.

Br. Opp'n at 11-12 marshals fourteen heterodox uses of "employer" between 1852 and 2005 – less than one per decade. Seven are in musty state court opinions making incidental use of "employer" and stating no legal proposition near what respondents contend. Others are in treatises which limn state tort law.[2]

None of this is germane. Respondents' random collection is not a basis for the Court to abandon its longstanding interpretation of "employer," for three reasons:

First, in establishing "a federal rule of agency," the Court foreswore "reliance on state agency law" long ago. CCNV, 490 U.S. at 740. It continues to rely "on the general common law of agency, rather than the law of any particular State, to give meaning to" cognates of "employ." Id. Not one use on

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[2] Br. Opp'n at 12 states that one of the entries, Restatement (Second) of Agency §2 cmt. b, "defines an 'independent contractor' as a 'person[] for whose conduct . . . the employer is not responsible except in the performance of nondelegable duties.'" But the cited commentary contains no such "definition." It is Restatement §220(2), which lists the nonexhaustive factors for determining whether a person is an "employee" or "independent contractor," that the Court relies on in this regard. CCNV, 490 U.S. at 752.

respondents' list exemplifies or articulates the "federal rule of agency."

Second, to possess a common law meaning a term need not have impossibly pure and exceptionless usage. The common law is "the cluster of ideas that were attached to each borrowed word in the body of learning from which it was taken." Morissette v. United States, 342 U.S. 246, 263 (1952). Respondents' statistical approach in which a virtually undetectable variation from 100% uniform usage over a century and a half vitiates the possibility of a common law meaning is unsupportable.[3]

Third, the federal common law meaning of "employer" complementing that of "employee" is established. CCNV expressly approved this result for all cognates of "employ," treating interchangeably the holdings of an array of surveyed decisions interpreting particular cognates. Darden illustrates the continuing vitality of the approach. Respondents do not discuss any of the underlying authorities on which CCNV is built, instead putting forward scattered authorities that do not touch on the content of federal common law.

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[3] Even "employee" has been used in a broad sense inclusive of independent contractors. See National Labor Relations Board v. Town & Country Electric, Inc., 516 U.S. 85, 90 (1995)(dictionary definition includes a "person who works for another in return for financial or other compensation"). This does not mean that the Court's interpretation of "employee" is flawed, nor do respondents so contend.

C. Respondents' Legislative History Is Beside the Point and Incorrect.

Br. Opp'n 15 n.2 posits that Congress, cognizant of the expansionary holdings spawned by Lin-Brook Builders Hardware, chose in the 1976 Act to "codify the existing policy that independent contractors may be employed to create works for hire." There are three difficulties with this argument:

First, it was not raised below, and hence is waived. Sprietsma v. Mercury Marine, 537 U.S. 51, 56 n.4 (2002).

Second, legislative history is beside the point. "When we find the terms of a statute unambiguous, judicial inquiry is complete, except in 'rare and exceptional circumstance.'" Garcia v. United Stattes, 469 U.S. 70, 75 (1984). The common law rule by itself mandates narrow construction of the undefined word "employer." Darden, 503 U.S. at 323.

Third, respondents profoundly disregard the legislative history laid out in CCNV, which recounted that after Congress decided to overhaul the copyright laws in 1955, CCNV, 490 U.S. at 743, it adopted "a historic compromise" reached by the interested groups in 1965. Id., at 746. At that time "the courts had applied the work for hire doctrine under the 1909 Act exclusively to traditional employees. Indeed, it was not until after the 1965 compromise was forged and adopted by Congress that a federal court for the first time applied the work for hire doctrine to commissioned works." Id., at 749. Congress therefore was not cognizant of Lin-Brook Builders Hardware and its progeny when it adopted the new law. It did not codify holdings which were nonexistent.

II. THE ISSUE IS IMPORTANT.

A. The Issue Is Important to Maintain the National Uniformity Congress Intended.

Respondents do not question the inherent importance of a longstanding conflict between the circuits and this Court, or of maintaining uniformity in interpreting "employer." But their view tolerates an even worse inconsistency, within a single statute. Examples are circular definitions such as Darden addressed. Only an oracle could demystify a definition of "employee" equating it with "any individual employed by an employer," where "employee" has a narrow meaning excluding commissioning relationships and "employer" has the opposite meaning.

B. The Issue Is Important Because of Its Impact on Copyright Ownership.[4]

Pet. at 5 & 16 cited the reliance interests of persons divested of copyright as Lin-Brook Builders Hardware's sudden inversion of work for hire law took hold. Respondents do not contend that the current case turns on its facts and will affect few others. To the contrary, Br. Opp'n at 20-21 points to the reliance interests of those invested with copyright under Lin-Brook Builders Hardware and its progeny. Br. Opp'n at

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[4] Br. Opp'n at 15-17 misreads the Petition as urging an economic policy favoring the pre-Lin-Brook Builders Hardware doctrine. Rather, Pet. at 21-22 contended that the Ninth Circuit improperly relied on policy, rather than statutory language, in devising and later questioning its "instance and expense" test. Pet. at 22 agreed with Br. Opp'n at 18-20 that modification of work for hire legislation is a matter for Congress.

21 labels this the "real" reliance class, next to which the interests referred to in the Petition "pale in comparison."

Respondents' point does not lessen the importance of the issue presented, but enlarges it. By specifying a second reliance class respondents add to those identified already as having a stake in the issue. And there is no reason to believe that one group is less "real" than the other.[5]

C. The Ninth Circuit's Doctrine Is Constitutionally Questionable.

To cast doubt on the issue's constitutional importance, Br. Opp'n at 17 engages in further hyperbole: "No court anywhere has ever cast doubt on the constitutionality of the 1909 Act work-for-hire provision as it has long been construed." This is falsified not only by Judge Friendly's dissent in Scherr v. Universal Match Corp., 417 F.2d 497,

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[5] Br. Opp'n at 3 opines that the Ninth Circuit's doctrine affects "a rapidly-diminishing proportion of copyrighted works, i.e., those still copyrighted under the 1909 Act." But construction of "employer" has implications both for initial copyright and renewal. See Pet. at 6-7 n.1. The potential duration of protection for works whose copyrights were secured before 1978 is 95 years (the 28-year initial term plus the 67-year renewal term). See Pet. at 6. The only 1909 Act works which are in the public domain through lapse of that term are those whose copyrights were secured before 1911, a trivial "proportion." Further, respondents make no mention of the commercial reality that in this digital age, with its proliferation of unanticipated commercial uses of copyrighted (and public domain) works, copyright status vel non is of greater economic significance than in decades past. Finally, the profusion of cases in the lower Courts refutes the notion of a "rapidly-diminishing" problem.

502 (2d Cir. 1969), but also, e.g., by Brunswick Beacon, Inc. v. Schock-Hopchas Publishing Co., 810 F.2d 410, 412 (4th Cir. 1987), and Schmid Brothers, Inc. v. W. Goebel Porzellenfabrik KG., 589 F.Supp. 497, 503 (E.D.N.Y. 1984).

Br. Opp'n at 17-18 then acknowledges the constitutional problem, and endorses Judge Friendly's resolution: The work for hire doctrine passes muster when a contractor assigns his copyright to a hiring party. This constitutionally-mandated limitation, however, is precisely what Dastar urges. The assignment from Eisenhower to Doubleday necessary to validate work for hire status was ineffective in conveying renewal rights because of Eisenhower's death. Respondents concede not just the constitutional difficulty, but that the "instance and expense" test is incompatible with its solution.

Respectfully submitted,

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No. 05-1259

In the
Supreme Court of the United States

Dastar Corporation,
Petitioner,
v.
Random House Inc, Twentieth Century Fox Film Corporation, SFM Entertainment, LLC and New Line Home Video Inc.,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals of the Ninth Circuit

Brief of *Amici* Malla Pollack and Other Legal Scholars In Support of Dastar Corporation's Petition for a Writ of Certiorari

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Interest of the *Amici Curie*

The *amici* are legal scholars specializing in copyright and related subjects. None of *amici* has any financial interest in the outcome of this litigation.[1] *Amici* provide their institutional affiliations for identification purposes only; they do not purport to represent the opinions or interests of their respective institutions. *Amici*'s sole interest in this case is to encourage the proper unfolding of law in their areas of specialty.

Authority to File

All parties have given permission for Pollack to file this *amicus* submission. Copies of the permission letters are attached to the proof of service submitted to the Clerk.

Summary of Argument

Amici support grant of *certiorari* without taking a position on the merits. The meaning of "work made for hire" for purposes of the 1909 Copyright Act is unsettled. The uncertainty is important because it chills, often fatally, use of many works of historical, artistic, and educational importance. The Court should discharge its responsibility for settling important issues of federal statutory construction by

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1. No party has authored this brief in whole or in part. The printing of this *amicus* filing was paid for by Malla Pollack with the generous support of the University of Idaho, College of Law.

granting a writ of certiorari in this case regardless of the Court's view of the proper meaning of the disputed phrase.

Argument

I. The Question Raises an Unsettled Issue

Does "such work is made for hire" for "an employer," Copyright Act of 1909, § 24, mean the same as "(1) [such] work [is] prepared by an employee within the scope of his or her employment," the first definition of a "work made for hire," 17 U.S.C. § 101, under the 1976 Act?[2] Under plain meaning rules of statutory construction, the answer should be "yes," absent some compelling difference in the statutory text read as a whole. The statutes have no such compelling divergence.[3] Therefore, absent this Court's issuing a

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2. The Petitioner's phrasing is "[w]hether under the Copyright Act of 1909 a commissioning party is an "employer" entitled to renew the copyright in a work for hire." Dastar Corp. v. Random House, Inc. (U.S. No. 05-1259), Petition for a Writ of Certiorari at i.

3. The second definition in the 1976 Act as amended has no counterpart in the text of the 1909 Act:
"2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by

them that the work shall be considered a work made for hire. For the purpose of the foregoing sentence, a "supplementary work" is a work prepared for publication as a secondary adjunct to a work by another author for the purpose of introducing, concluding, illustrating, explaining, revising, commenting upon, or assisting in the use of the other work, such as forewords, afterwords, pictorial illustrations, maps, charts, tables, editorial notes, musical arrangements, answer material for tests, bibliographies, appendixes, and indexes, and an "instructional text" is a literary, pictorial, or graphic work prepared for publication and with the purpose of use in systematic instructional activities.

"In determining whether any work is eligible to be considered a work made for hire under paragraph (2), neither the amendment contained in section 1011(d) of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106-113, nor the deletion of the words added by that amendment--
(A) shall be considered or otherwise given any legal significance, or
(B) shall be interpreted to indicate congressional approval or disapproval of, or acquiescence in, any judicial determination, by the courts or the Copyright Office. Paragraph (2) shall be interpreted as if both section 2(a)(1) of the Work Made For Hire and Copyright Corrections Act of 2000 and section 1011(d) of the Intellectual Property and Communications Omnibus Reform Act of 1999, as enacted by section 1000(a)(9) of Public Law 106-113, were never enacted, and without regard to any inaction or awareness by

definitive ruling, the Ninth Circuit's contrary reading leaves a shadow on claims of ownership or of public domain status.

Community for Creative Non-Violence v. Reid ("CCNV"), 490 U.S. 730, 739-40 (1989), settled the construction of "(1) a work prepared by an employee within the scope of his or her employment," 17 U.S.C. § 101 (1976 Copyright Act). The opinion noted the confusion under the 1909 Act's similarly worded provision. *See CCNV*, 490 U.S. at 744 (stating that federal courts read the provision to refer "only to works made by employees in the regular course of employment"); *id.* at 749 (noting that starting in 1966 some courts "applied the work made for hire doctrine to commissioned works"). The 1909 Act's construction was not at issue in the case. *CCNV*, 490 U.S. at 732 ("To resolve this dispute, we must construe the 'work made for hire' provisions of the Copyright Act of 1976.") and the Court did not purport to explicate the 1909 Act. This judicial restraint has allowed the Ninth Circuit to dismiss the Court's logic as irrelevant to the 1909 Act because "no part of [this Court's] decision [in *CCNV*] rests on the meaning of the work-for-hire provision in the 1909 Act." Twentieth Century Fox Film Corp. v. Entertainment Distributing, 429 F.3d 869, 878 (9th Cir. 2005) (this case).

This Court's analyses, however, are never irrelevant.

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the Congress at any time of any judicial determinations.

"The terms "WTO Agreement" and "WTO member country" have the meanings given those terms in paragraphs (9) and (10), respectively, of section 2 of the Uruguay Round Agreements Act."
17 U.S.C. 101.

The logic of *CCNV*'s discussion of "employer" and "employee" are just as compelling regarding the 1909 Act as the 1976 Act. *See CCNV*, 490 U.S. at 739-41. "The starting point for [the Court's] interpretation of a statute is always its language." *Id.* at 739.

Until this Court speaks, any contrary holding remains open to question – sufficient question to undermine the certainty needed by risk-averse users of intellectual property. Unless the would-be-user of a work has the monetary muscles to stand suit, the number of lesser authorities supporting a logically exposed position affects only the level of risk, not the existence of risk.

II. Settling This Issue Is Important

Non-use of copyrighted works undermines a core purpose of both the copyright statutes and the Constitution's Copyright Clause, U.S. Const. Art. I, sec. 8, cl. 8 ("Congress shall have the power ... To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."); *see also* Eldred v. Ashcroft, 537 U.S. 186, 207 (2003) (recognizing that the "public distribution" of works is one of the main goals of both the copyright statutes and the Constitution); H.R. Rep. No. 105-452, p. 4 (1998) (supporting extension of copyright term for purpose of "provid[ing] copyright owners generally with the incentive to restore older works and further disseminate them to the public"); Marybeth Peters, Register of Copyrights, Report on

Orphan Works[4] 1 (2006) (declaring that "forestall[ing]" the "productive and beneficial use" of a work "is not in the public interest."), *available at* <http://www.copyright.gov/orphan/> .

The 1909 Act's provisions are relevant for a large number of works, those published between 1923 and 1977. Works published between 1923 and 1963 inclusive have entered the public domain unless they were properly renewed. Such renewals can be challenged if they were made under the erroneous belief that the work involved was, or was not, a work made for hire. *See* 17 U.S.C. §304; Copyright Act of 1909, 17 U.S.C. § 24 (repealed by Copyright Act of 1976); *see also* Robert A. Gorman & Jane C. Ginsburg, Copyright: Cases and Materials 360-61 (6th ed. 2002). Works published between 1964 and 1977 inclusive are still covered by copyright even if no renewal was filed, but the identity of their original copyright holder(s) is determined by the 1909 Act, including the work made for hire provisions. *See* 17 U.S.C. §304; *see also* Gorman & Ginsburg, *supra* at 360-61.

The uncertainty affects all works whose status changes depending on the scope of "works made for hire." Therefore, the problem is greater than the number of works which were registered or renewed as "works made for hire."

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4. An "orphan work" is one whose copyright owners(s) "cannot be identified and located by someone who wishes to make use of the work in a manner that requires permission of the copyright owner." Marybeth Peters, Register of Copyrights, Report on Orphan Works 1 (2006) *available at* <http://www.copyright.gov/orphan/>.

Works which might have been made for hire pursuant to the 1909 Act require unshakeable titles. Especially for older works, "[m]any users of copyrighted works have indicated that the risk of liability for copyright infringement, however remote, is enough to prompt them not to make use of the work." Peters, *supra*, at 1. The orphan work problem is both "real" and "elusive to quantify." *Id.* at 7. Works that were automatically provided "renewal" terms by the 1976 Copyright Act are especially likely to be orphan works; only fifteen percent of copyright holders considered their works sufficiently valuable to file renewals. *See* H.R. Rep. No. 94-1476, at 135 (1976).

Non-use of old works increases when frustrated would-be users lack certainty on the first link in the chain of title, for example, because of the work for hire doctrine. *See* Peters, *supra*, at 35 (listing the work for hire doctrine as one of the problems involved in "determining the status of copyright protection"). "[W]hen confronted by the absence of clear information about the work's owner, most users simply do not use the work." *Id.* at 26.

In short, the risk of error regarding the possible work for hire status of works originally published between 1923 and 1977 prevents too many beneficial uses of such works.

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Conclusion

For the reasons discussed above, this Court should grant a writ of certiorari regardless of the Court's view on the merits of petitioner's claim.

Respectfully Submitted May 24, 2006

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